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THE EUROPEAN SATELLITE POWER COMPLEX

PART I
INDIVIDUAL SATELLITE COUNTRIES:
ECONOMIC STRENGTHS AND WEAKNESSES

ALBANIA

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CIA
Project 6-51

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PART I
INDIVIDUAL SATELLITE COUNTRIES:
ECONOMIC STRENGTHS AND WEAKNESSES

ALBANIA

Summary and Conclusions.

The economy of Albania is being expanded under a Five Year Plan (1951-55) which places emphasis on industrial development. Even if appreciable success is realized, the economy in most respects will remain in a relatively primitive state. Albania's basic deficiency in important industrial raw materials, equipment, and technical skills will prevent this rural country from significantly raising its industrial production by the end of 1952.

In spite of increased indigenous production of crude oil, petroleum products are imported because of lack of refining facilities. Coal deposits consist entirely of lignite, and production is small. There is no iron and steel industry. Chrome ore and pyrites are mined, and copper is mined and refined, all for export to the Soviet Bloc. The chemical industry is confined chiefly to production of soap and alcohol. Productivity is very low in both industry and agriculture because of primitive methods and inadequacy of equipment and technical skills. The transport system is still rudimentary. There are three rail lines, but they are not connected with each other or with foreign rail systems. Although small gains have been made in electric power production, the total output is insignificant. The agricultural labor force is larger than before the war, and the small nonagricultural labor force has increased appreciably over prewar levels.

Agriculture meets almost all domestic subsistence requirements. Since 1948 the Soviet Bloc has shipped sufficient grain to Albania to provide a stockpile for 6 or 7 months, chiefly for the coastal area. This stockpile may be intended to safeguard the working population or to supply the armed forces in that area. The government is encouraging production of industrial crops. Foodstuffs are being strictly and discriminatorily rationed for political and military expediency. The standard of living and conditions of health, the lowest in Europe, continue below prewar levels. This trend will prevail throughout 1952.

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The chief change in the foreign trade pattern is the increased participation of the Satellites, particularly Czechoslovakia. These countries have increased shipments of industrial and transport equipment to Albania, frequently on long-term credits and undoubtedly under direction of the Kremlin. At the same time the Satellites are absorbing the greater part of Albanian exports of raw materials, a trend which may be accelerated by the end of 1952.

Two elements in the Albanian situation which afford a basis for possible detachment from the Soviet Bloc are its geographical isolation from Orbit countries and the very low levels of living, combined with potentially strong resistance to totalitarian regimentation.*

* For a recapitulation of limitations, deficiencies, and requirements of economic intelligence with respect to Albania, see Appendix A, p. 53. Footnote references in the text that follows are numbered consecutively in arabic numbers for each major subdivision. The footnotes themselves, together with references to other source material, are given in Appendix B, p. 65. Explanatory footnotes, indicated by asterisks (or, in tables, by lower-case letters), are given on the page in the text where the reference occurs.

I. Trends in the Structure of the Economy.Summary

The Soviet Union has exerted firm economic and political control over Albania since 1948, and this control is likely to develop still further by 1952. As a result of such control over the formulation of Albania's Two Year Economic Plan (1949-50) and Five Year Plan (1951-55) and participation in their execution, the Soviet Union is able to dictate to Albania those categories of goods in which production is to be increased. The USSR thus facilitates its exploitation of the resources of Albania and integrates this Satellite ever more closely into the Soviet Bloc. Increasing numbers of Soviet personnel, acting as advisers in all of Albania's Ministries, are assigned to all key industries. Through these representatives the USSR is able to exert increasing control over Albanian affairs, including the administration of transportation, communications, industry, and agriculture.

From the Soviet point of view, Albania's outstanding weaknesses are its physical isolation and its unbalanced and inefficient economy, which has always required foreign aid. Albania's few exports, including the major items — pyrites, chrome ore, bitumen, and crude petroleum — do not balance its imports of grain, consumer goods, and machinery. Furthermore, Albania is a primitive country where skilled labor and technicians are in short supply. Thus, because of its dependence upon the economic resources of the Soviet Bloc, Albanian can make no significant contribution to the economic potential for war of the USSR.

Nevertheless, from the Soviet point of view, political advantages and strategic factors (such as a naval base on the Adriatic) apparently outweigh economic liabilities. The Soviet Union continues to send enough economic aid to the Hoxha regime to maintain it in power. Furthermore, the Soviet Union has shown its determination to maintain its control over Albania despite current unsettled conditions caused by the continuing dissatisfaction of the population and increased activity by resistance groups supported from abroad. Thus there is no evidence that the Soviet Union intends to relax its grip on Albania by 1952.

1. Control of the Economy by the Government (including Direct Control by the USSR).

a. Economic Planning.

(1) Preparation of Plans.

In June 1948 the Soviet Union assumed the close supervision over the preparation of the economic plan of the Albanian government that had formerly been exercised by Yugoslavia. Moscow's approval was secured for the Albanian Two Year Economic Plan (1949-50) before the Plan was promulgated by the Tirana government. 1/ The intent of the Plan was not so much to strengthen the over-all economy of Albania as to increase production in some categories and to strengthen Albania's economic ties with the USSR. 2/ The Albanian government announced that Soviet technical experts would help to draft the current Five Year Plan, which covers the period 1951-55. 3/ The Plan is to be realized with the help of credits and other economic assistance from the USSR and its Satellites. 4/ 5/

The Chairman of the State Planning Commission and the Chairman of the Control Commission (now the Ministry of State Controls) direct and execute the economic program according to the Plan. 6/ Following the Soviet model, the administration of the economy is divided into ministries. Each ministry communicates instructions as received from the State Planning Commission to each individual factory or enterprise under its jurisdiction; whereupon the administrative committee of the enterprise reports the factory's production potential to the Ministry. The Ministry, in consultation with the State Planning Commission, then formulates the final plan. A similar process is followed by the Ministry of Agriculture and by the enterprises under its jurisdiction. 7/

(2) Plan Control.

The available information on the technical means used by the Soviet Union to control the fulfillment of the various plans for Albania is very sketchy, and it is now impossible to predict future trends in those methods of control. However, technically trained personnel from the USSR and some of the Satellites have been arriving in Albania in increasing numbers. These personnel are attached to all important state organizations and to all Ministries. Government officials are completely at the service of the various Soviet Missions. 8/

The principal agency used by the government to exercise supervisory control is the Ministry of State Controls, through which the Communist Party maintains a constant check. 9/ The government also exercises control over plan fulfillment by means of its control over all domestic and foreign

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trade, prices, and agricultural production, distribution, and taxation. 10/ The Soviet-controlled Council of Economic Mutual Assistance (CEMA), of which Albania is a member, exercises supreme authority in the direction of the Albanian economy.

b. Administrative Control.

(1) Industry.

Soviet control over the administration of Albanian industry, which has been very great since 1946, appears to have increased in late 1950. The Albanian government has recently passed laws under the guidance of the USSR that reorganize industry. 11/ Subsurface resources of Albania are being studied systematically with the aid of Soviet geologists and engineers. 12/

Moreover, continued industrial development in Albania is dependent upon shipments of machinery and other equipment from the USSR and its Satellites, thus giving the Soviet Union still more control over Albanian industry. In April 1949, Moscow extended to Albania an unspecified credit for the years 1949-52 in the form of industrial equipment. 13/ In late 1950, there were shipments of capital goods, such as equipment for mines and oilfields, from the Soviet Union and its Satellites. 14/ Moscow also has reportedly promised to supply Albania in 1952 with equipment for an oil refinery. 15/

Another example of Soviet control over the administration of Albanian economy is in the appointment of officials in all ministries. In November 1949 the Minister of Industry, who was a close associate of the discredited Lt. General Koci Xoxe, was dismissed from his post. 16/ In February 1950 the new Minister of Industry and the Assistant Ministers of Public Works and of Communications, who reportedly blamed shortcomings in their Ministries on the failure of the Soviet Union to supply promised material, were relieved of their duties. 17/

(2) Agriculture.

Soviet control over the administration of Albanian agriculture, like that over the administration of Albanian industry, has also been very great and appears to have increased in late 1950. Following Soviet directives, the Albanian government recently passed laws to reorganize agriculture 18/, exerting increasing governmental control through the growing specialization of ministries dealing with that sector of the economy.

The Albanian government has complete control over agricultural production, distribution, and taxation. 19/ It has set rigid quotas for the delivery to government agencies of all types of grain, as well as meat, wool, and eggs, and delivery must be made on the basis of estimated rather than actual production. 20/ Thus, if a farmer does not have the

quantity of goods assessed against his farm, he must pay the equivalent in money or in kind or go to jail and have all his property confiscated by the state. The purpose of such measures is to deprive the farmers of their land and force them into collective farms. 21/ Although the government was meeting with widespread resistance in its agricultural collection program in the autumn of 1950, by resorting to arrest it largely succeeded in terrorizing the rest of the population into submission. 22/

The Ministry of Agricultural Procurement (Collection) has two branches: one for the collection of farm products paid as taxes in kind and the other for their distribution. The collection branch has a Director of Collection in each province. 23/

(3) Economic Services (Transportation, Communications, etc.).

Soviet control over these industries is assured by the presence of Soviet advisers in the Ministries of Communications (including Ports, Telephone, and Telegraph) and Transportation. 24/ There is no evidence that the number of these advisers has been increased since early 1950.

The administrative control of the Albanian government over this sector of the economy is complete.

2. Factors Relating to the Effectiveness of Control.

a. Proportion of the Economy under Direct Government Control.

(1) Extent of Nationalization of Industry.

Nationalization of the means of production is complete or nearly complete in transportation, industry, wholesale trade, foreign trade, and banking. 25/ Agriculture and retail trade have not been nationalized. 26/

(2) Extent of Collectivization of Agriculture.

The Albanian Government made considerable progress in agricultural collectivization in 1950 27/, and this will probably be one of the most important spheres for extension of control in 1951 and 1952. 28/

The Albanian government moved slowly in collectivizing agriculture because of peasant opposition and the lack of tractors and other equipment. 29/ Nevertheless, the gradual growth of agricultural cooperatives during the period 1946-49 is shown as follows: 30/

	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>
Number of Cooperatives	7	21	56	58
Membership in Families	217	1,825	2,428	2,343
Areas in Hectares	942.8	2,671.8	10,870	11,008.2

Ninety cooperatives were in existence at the end of 1950. 31/

b. Nongovernmental Organizations as Instruments of Economic Control.

The cooperative movement, which is government-controlled in Albania, is designed to obtain a monopoly on all trade and commerce. 32/ Apparently it was making some progress in this direction in 1950 and will probably expand somewhat in 1951 and 1952. An example of the progress of the cooperatives is shown in the following percentages 33/, which indicate the proportion of commercial activity in Albania under cooperative management: 1947, 18.4 percent; 1948, 27 percent; and 1949, 40 percent.

II. Capacity of Human Resources for Economic Development.

Summary

The small Albanian nonagricultural labor force has expanded by 23 percent in the past 2 years as compared with a planned growth of 60 percent in 1950 alone. It is estimated that the goal of increasing the non-agricultural labor force in 1953 to 255 percent of 1949 will not be met, because of training and placement difficulties. Probably 50,000 males could be withdrawn from agriculture in the event of mobilization.

Albania will continue to require foreign technicians to maintain and increase production despite the fact that Albanians are being trained in Soviet and Satellite universities. The level of labor productivity is very low both in agriculture and in industry.

1. Size and Distribution of the Labor Force.

On the basis of the scanty information available, nonagricultural employment in Albania on 1 January 1951 is estimated at 100,000 of a total population of 1.2 million. 1/ This represents an increase of 23 percent since the end of 1948 as compared with a planned increase of 60 percent in 1950 alone. 2/ The planned increase from 1949 to 1953 was set at 155 percent, to a total of 205,000, a goal that probably will not be attained. 3/ In the absence of firm figures, the agricultural labor force is estimated, on the basis of the estimated age-sex distribution projected from the 1945 census, at 450,000.

Forced labor and labor brigades are known to be a large factor in the Albanian economy, but the lack of information precludes a firm estimate. The importance of brigades can be gauged from the fact there were 30,000 persons in the brigades working on the Durres-Tirana railroad in 1948. 4/

a. Change in Rate of Growth.

The pattern of the rate of growth of the nonagricultural force in Albania can be seen from trade-union membership figures which have been broadcast, as follows: 1946, 25,000 5/; 1948, 46,000 5/; and 1949, 64,000. 6/

b. Change in Occupational Distribution.

Little firm data on changes in occupational distribution are available, although much has been broadcast about the industrialization of Albania. Some measure of the changes in the nonagricultural labor force

can be seen in the percentage increase in employment at the end of 1950 over the end of 1948, as follows 7/: building, 50 percent; mining, 32 percent; and total nonagricultural, 23 percent.

2. Level of Technical Training, Skill, and Efficiency.

In order to develop the economy, Albania has always been dependent on foreign technicians, including, in the past, Italians, Germans, and Yugoslavs. Soviet and Satellite technicians are known to be in Albania, but available reports give varying numbers and generally fail to distinguish among technicians, military advisors, and other categories.

The most advanced school in Albanian appears from available data to be the 2-year pedagogical institute. There are also lower-grade training courses and schools, with present enrollment about 10,000. 8/ In addition, trainees are sent for 2-year and shorter courses to the colleges and universities of the USSR and the Satellites, where, in the present academic year, 949 Albanian students are enrolled. 9/

There is no adequate information concerning the level of labor productivity, but it is in all probability very low both in agriculture and in industry.

3. Expansibility and Adaptability of the Labor Force.

It is difficult to estimate the extent of possible increase in labor productivity. The increment in the next 3 years to the nonagricultural labor force is expected to fall short of the planned goal. Expansibility of the nonagricultural labor force is limited by training and placement difficulties, not by the size of the working age population. Probably 50,000 males could be withdrawn from agriculture in the event of mobilization.

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III. Living and Working Conditions.

Summary

Because of the backwardness of the country and its retarded industrial development, Albania has had, and still has, the lowest standard of living of any country in Europe. Postwar living and health conditions appear to be at an even lower level than before 1945, largely because of Albania's isolation from the West—with which its economy was geared in the period between the two world wars—and because of the dislocation of the economic system by the current Communist control. A restrictive food-rationing system discriminates against the nonproductive elements of the population. There are no signs at present that living and working conditions in Albania will improve in the near future.

1. Living Conditions.

a. Housing.

Housing conditions of the rank and file in Albania are at an extremely low level. Wartime destruction of most of the larger towns and cities was widespread, and very little work has been done in restoration. This condition has been aggravated by the seizure of nearly all houses previously owned by the propertied classes. 1/ There is no indication that these conditions will improve in the next 2 or 3 years.

b. Health.

The health of the Albanian people is worse at present than at any time during the past 30 years. There is a lack of medical supplies of all kinds and a serious shortage of doctors. Tuberculosis is common throughout the country, with a large proportion of the youth being affected. Urgent appeals have been made by Albanians to their friends and relatives in the US for such drugs as penicillin and streptomycin.

c. Ration System.

Albania is almost self-sustaining in food but not in consumer goods. Its local grain crop is nearly sufficient to meet the country's annual requirements. In the postwar period the elementary necessities of life have been controlled strictly by the government through a discriminatory ration system.

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On 13 January 1949 the Tirana press published the text of a new ration order. This measure was to apply chiefly to the coastal area and was adopted primarily for reasons of political and military expediency. The order provided that only workers and civil servants of all categories and their families were to receive regular rations of bread, food, and clothing, whereas propertied * and employer groups were denied ration cards. The order provided further that producing farmers would be supplied with food and industrial goods by the State Trading Company through reciprocal trade, in exchange for agricultural produce, dairy produce, and meat. Persons not coming within these categories would be supplied only as government stocks allowed. Three categories of prices were instituted: the first for workers and civil servants, the second for working farmers, and the third for the free market.

Rations for food are classified into five categories: (1) the ordinary ration for the aged, the crippled, school children, and others who are unable to work allows 400 grams of bread a day; (2) light workers' Class 2 ration is for students, musicians, and artists and allows 500 grams of bread a day; (3) light workers' Class 1 ration is for office workers and allows 600 grams of bread a day; (4) heavy workers' Class 2 ration is for factory workers and allows 800 grams of bread; and (5) heavy workers' Class 1 ration is for laborers and allows 900 grams of bread a day.

For items other than bread, there are only two categories of rations: for the employed and the unemployed. The employed are allowed two eggs a month; the unemployed, none. Other monthly rations are as follows:

<u>Commodity</u>	<u>Employed</u>	<u>Unemployed</u>
	<u>Grams</u>	
Olive Oil	400	300
Sugar	300	150
Macaroni	500	300
Soap	500	400
Rice	250	None
Marmalade	300	None
Butter	250	None
Meat or	400	200
Fish	None	250

* That is, dispossessed classes, whose members are selling their personal effects in order to exist.

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Except for bread, these foodstuffs are not always available.

Farmers and people who live in small towns or villages are divided into two categories, the ordinary and the heavy worker. Ordinary workers receive 9 kilograms of grain, 500 grams of kerosene, and 1,000 grams of salt per month. Heavy workers receive 21 kilograms of grain, 500 grams of kerosene, and 1,000 grams of salt per month.

There are two sets of prices in all state and cooperative stores: official prices for those holding ration cards and the free-market prices, the latter being on an average about 10 times higher than the former. In the fall of 1950 a number of special "peoples' stores" were opened in all principal cities which offered food supplies and consumer goods in "unlimited" quantities to all those who could pay with gold and "foreign currency" (usually US dollars). 2/ Some of the goods reportedly sold at these stores are as follows: sugar, at 40 leks* a kilogram; coffee, at 250 leks a kilogram; olive oil, at 50 leks a kilogram; butter, at 100 leks a kilogram; flour, at 12 leks a kilogram; cloth for suits, at 400 leks a meter; and a pair of shoes, at 400 leks. 3/ These prices are about the same as those on sales to holders of ration cards. Those who held no ration cards and possess no gold or US dollars must pay much higher prices if the goods are available.

2. Working Conditions.

a. Classification and Pay of Workers.

The Albanian Council of Ministers issued on 17 December 1950 Decision No. 661 providing for the classification and pay of workers, all of whom were subject to the law of August 1949. Workers are divided into three main groups, each of which is subdivided into 12 categories. Every worker is assigned to one of these 12 categories according to the importance of his sector of production or service. The monthly wages range from 1,200 leks for apprentices to 5,700 leks for technicians. Out of these earnings, workers are requested to make "voluntary" contributions for a wide variety of "causes," such as "the Korean people," and are required to pay union and party membership dues, to subscribe to labor and party publications, etc.

* One US dollar is equal to 50 leks at the official rate.

b. Conditions of Work and Production Norms.

Albanian workers labor under conditions which are probably the worst in Europe. No safety measures of any kind are provided in mines or other industrial activities. Although the law requires only a 40-hour week, workers are forced to perform many "voluntary" tasks after the prescribed hours as well as on holidays and week ends. They are under constant pressure to meet production norms and are heavily penalized for absences.

Conditions are not likely to improve in the foreseeable future, and general discontent produced by the difficult living and working conditions is likely to increase in the next few years.

IV. Foreign Trade and Finance.

Summary

Importation of industrial goods by Albania is a drain on the Soviet Orbit, as Albanian exports of petroleum, chrome ore, and other minerals only partially pay for imports. It was planned that Albania would alter its foreign trade position from that of a net debtor to a net creditor in 1950.

1. Introductory.

From 1945 to mid-1948, Yugoslavia not only represented Albania in foreign affairs and was Albania's major trading partner but also traded Albanian goods with other countries for Yugoslav benefit. 1/ Of the \$26 million unexplained trade deficit in 1947, 2/ it can be presumed that Yugoslavia absorbed the bulk.

After the Yugoslav break with the Cominform, Albania was isolated until late in 1948, when Soviet aid began to arrive 3/ and other Satellite countries were "prevailed upon" to assist Albania in meeting its requirements. Although there has been a small amount of trade with Western countries, 4/ trade with countries outside the Soviet Bloc is negligible.

2. Composition of Trade.

According to press releases, the commodity structure of Albanian trade has been revolutionized since World War II. Industrial supplies and equipment comprise an important segment of postwar imports, whereas in the prewar period consumer goods were predominant.

	Albanian Imports				
	Percentages				
	<u>1938</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>
Industrial Goods	6.0	24.0	34.4	35.7	65.9
Consumer Goods	94.0	76.0	65.6	64.3	34.1

Refined petroleum products are reported to be the most important postwar import, along with transportation equipment in 1949 and 1950. Imports of wheat and military goods were sizable in 1949, when the Greek Guerrillas were still in Albania. A small amount of military shipments has been reported since mid-1950. 5/

3. Import Requirements.

It was reported that in 1950 an average of 30,000 metric tons of goods per month was received by Albania.

4. Trade with Non-Soviet Bloc Countries

Trade between Albania and non-Soviet countries is negligible.

5. Trade with Soviet Bloc Countries.

Albania exports to the USSR crude oil, bitumen, and other minerals, Poland imports from Albania iron and other ores, crude oil, and other products. Czechoslovakia imports bitumen, copper, iron pyrites, chrome ore, uncured hides, and other products. Hungarian imports from Albania are bitumen, tanning materials, medicinal herbs, and agricultural products. Bulgarian imports from Albania are negligible.

a. Imports from Soviet Bloc Countries.

Czechoslovakia exports to Albania machinery, transportation equipment, chemicals, and textiles; Poland, textiles, iron and steel products, and pipes; and Bulgaria, foods. Rumania supplies the bulk of Albania's requirements for refined petroleum products. USSR exports include the whole range of industrial goods, particularly transport equipment, shoe factories, mining equipment, and some petroleum products. 6/

b. Trade and Credit Agreements. 7/

Trade pacts reveal Albanian intentions to build up such light industries as textiles and sugar, as well as to expand the production of such exported items as crude oil and some minerals. Little attention is being paid to consumer requirements. Except for a credit agreement with the USSR and a mutual assistance pact with Bulgaria, the only trade and payments agreements concluded in the postwar period before the Tito-Cominform break were with Yugoslavia. After mid-1948 a series of Albanian-Cominform trade and credit pacts were concluded. Albania was admitted to CEMA in February 1949, at which time Moscow apparently assigned to each Satellite quotas for aid to be sent to Albania. 8/ The Satellites have given long-term loans more than once in order to keep Albania in the Soviet Bloc and to prevent economic collapse.

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The only detailed agreement available is that signed with Czechoslovakia in 1949. However, official statements go beyond details ordinarily found in a trade and credit agreement. Official claims state that Albania's request for economic aid from the USSR and the Satellites were granted. 9/ It has been admitted publicly, both in 1949 and 1950, that the Soviet Bloc has subsidized Albanian internal finances by supplying as much as 37 percent of budgetary expenditures. 10/ Total amounts of credits and goods are unknown, but trade agreements for the year 1949 between Albania and the Eastern European Satellites provided for \$12,080,000 in goods and credit. Long-term credits were granted to Albania by the Kremlin in March-April 1949, and in the fall of that year the other Satellites granted similar 3-year credits for the period 1950-52, these being in addition to the 1-year current payments agreements.

The projections of Albanian exports to heights unattained in the prewar period have not been reached and will not be reached by 1952, even though some progress is being made in expanding production in certain fields already developed and in building up new industries. A textile mill and a sugar plant have been in the process of construction for more than 2 years.

c. Means of Carrying on Trade.

All Satellites, except Czechoslovakia and Hungary, supply shipping to Albania. The larger vessels used are Soviet, Rumanian, and Polish, and Bulgaria does some transshipping for Albania. Other ships which call at Albanian ports are mostly Italian tankers and vessels of Panamanian register. Small motor-sailers acquired mainly from Italy are used between Durres and Vlona to Trieste and Italy.

6. Percentage of Trade with Non-Soviet Bloc Areas.

The percentage of Albanian trade with non-Soviet Bloc areas is negligible.

7. Joint Stock Companies.

There is no information on foreign holdings in Albania since the eviction of the Yugoslavs, who took control under an agreement made in November 1946. 11/ It is probable that the word "Soviet" has been substituted for the word "Yugoslav" throughout.

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8. Means of Financing Trade.

Foreign exchange reserves amounted to only \$300,000 in June 1947. This was in contrast to a prewar balance of over \$2 million taken by the Germans 12/ and still unavailable to the Albanians because of the Italian claim of having supported the National Bank of Albania. 13/ Immigrant remittances from the US, Australia, and Albanian societies scattered throughout the world constitute a sizable share of Albanian income. 14/ At the end of February 1951, one account in one US bank amounted to \$138,942, a portion of which was probably made up of remittances. In intra-Orbit trade, the largest part of Albanian commerce, payments are made by bilateral clearing arrangements. Credits granted by CEMA, amounting to 400 million rubles in 1950, have offset annual trade deficits. 15/

9. Balance of Trade.

In 1950, Albania planned that exports would exceed imports by almost \$2 million (1939 dollar-Albanian gold franc exchange rate); in 1951, by \$5.5 million; and in 1952, by approximately \$10 million. 16/ In the years 1950-52, projected exports are supposed to average 13 percent more than imports by value. This planned increase in exports is supposed to result from increases in production of the Albanian extractive industries--oil, 17/ chrome ore, some copper, iron ore and pyrites, etc.--and the building up of all industries by importing principally capital goods instead of consumer goods.

It is believed, however, that these plans are unrealistic and that no basic change will take place in the balance of trade position of Albania. Therefore, Albania will continue to depend through 1952 upon the Soviet Bloc for the greater part of its import requirements.

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Albanian Balance of Trade
(Estimated at 1939 Exchange Rate) ^{a/}

Millions of US Dollars

<u>Year</u>	<u>Imports</u>		<u>Exports</u>		<u>Balance \$1 Million (+) Exports</u>	<u>Value of Exports As Percentage of Imports</u>
	<u>Value</u>	<u>Percent 1938 Base</u>	<u>Value</u>	<u>Percent 1938 Base</u>		
1950	16.1	224	18.0	622	+ 1.9	11
1951	18.0	250	23.5	810	+ 5.5	13
1952	20.0	277	30.0	1,034	+10.0	15

^{a/} The exchange rate is based on the fine gold content of the 1939 dollar and the 1939 Albanian gold franc.

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V. Agriculture.

Summary

The economy of Albania is primarily agricultural. Although farming methods are very backward, the production of foodstuffs, with the exception of grain, is sufficient for domestic requirements. Grain acreage and production have declined slightly since the peak year of 1948. It is estimated that requirements for 1952-53 will exceed production by 34,000 metric tons. In 1949-50, imports were considerably greater than the deficit in production and obviously went into stockpiles. The increase in grain stocks may be for the purpose of supplying the nonfarm population or of insuring an adequate supply for the armed forces in the event of war. By July 1949 only 6.3 percent of the productive land and 4.7 of the land under grain had been collectivized, proportions too insignificant to make any appreciable difference in the 1951 output. The Plan of 5 April 1951 to till collectivized and private farms (equivalent to 7.3 percent of total grain land) with modern tractors also will have no appreciable effect on production in 1951. According to the Plan, the number of cooperatives (collectives) will not be increased further but those existing will be consolidated into larger units.

1. Production.

a. Albania is a rural country with limited agricultural resources. Although the government has attempted to modernize farming methods, farming is still primitive, based on crude tools and ancient customs and habits. The production of foodstuffs in Albania is sufficient to meet domestic requirements, with the exception of grain, which must be imported and is used largely to feed the population of the coastal towns.* The grain deficit is met by imports from the USSR which, together with Rumania, has been shipping grain to Albania in excess of normal imports so that stocks adequate for from 6 to 7 months were available as of 6 April 1951. Imports and exports of meat, cotton, hides, and other agricultural products are relatively insignificant. Since the grain deficit represents the single definite weakness in the Albanian agricultural economy, grain is the only agricultural commodity discussed.**

b. Grain acreage and production increased in Albania during World War II and reached a peak in 1948. Since then, production and acreage have declined slightly. Production of grain in 1948 was 227,000 metric tons and was equal to domestic requirements for the 1948-49 consumption year. The drought that reduced Yugoslav agricultural production in 1950 extended into Albania and reduced the estimated grain crop to a total of 202,000 metric tons.

* Imported grain is principally wheat.

** Grain unless otherwise specified includes corn (maize), wheat, oats, barley, and mixed grains (wheat and rye).

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Latest Annual Estimates of Grain Production
1948-50

Thousand Metric Tons		
<u>Year</u>	<u>Estimate</u>	<u>Probable Range of Variation of Estimate</u>
1948	227	215 to 239
1949	220	209 to 232
1950	202	192 to 213

2. Probable Production.

It is unlikely that grain acreage and production in 1951 and 1952 will exceed that of 1948. Actual production for either year will depend upon weather conditions during the sowing, growing, and harvesting seasons. As weather conditions for the 1948 crop were better than average, the 1951 and 1952 crops have been estimated at 8,000 metric tons below the 1948 yield.

Estimated Grain Production
1951-52

Thousand Metric Tons		
<u>Year</u>	<u>Estimate</u>	<u>Probable Range of Variation of Estimate</u>
1951	219	207 to 230
1952	219	207 to 230

3. Domestic Requirements.

Domestic grain requirements for the 1952-53 consumption year* are estimated to be 241,000 metric tons, or about 34,000 tons greater than estimated 1952 production. Even under exceptionally good weather conditions it is unlikely that production will be sufficient to meet domestic requirements for the 1951-52 or 1952-53 consumption years.

* The food consumption year is 1 August to 31 July and is based on the harvest time of most crops, extending until the harvest of the following year.

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Estimated Domestic Requirements of Grain
1948-53

Thousand Metric Tons		
<u>Year</u>	<u>Estimate</u>	<u>Probable Range of Variation of Estimate</u>
1948-49	226	225 to 253
1949-50	232	231 to 261
1950-51	234	234 to 263
1951-52	238	238 to 268
1952-53	241	241 to 272

4. Stockpiles.

In 1949-50, imports exceeded the estimated deficits by 99,000 metric tons, which obviously went into stocks. In 1950-51 imports again have exceeded deficits, and, as of 6 April 1951, stocks have been augmented to 106,000 metric tons. It is probable that in 1951-52 and 1952-53 imports will at least cover deficits and may exceed requirements, thus increasing present stocks.

Stockpiles of Grain

Thousand Metric Tons		
<u>As of</u>	<u>Estimate</u>	<u>Probable Range of Variation of Estimate</u>
31 July 1950	99 (6 months' supply)	71 to 100
6 April 1951	106 (7 months' supply)	92 to 115

5. Surplus or Deficit.

The deficits shown below are in comparison with domestic production. When present stocks are considered, however, there should be no deficits until 1954. In light of past policy with regard to stocks and reserves, it is very doubtful whether the Albanians would be permitted to reduce them below present levels.

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Estimated Surplus or Deficit of Grain (Domestic Production)

<u>Year Ending</u>	<u>Estimate</u>	<u>Thousand Metric Tons</u>
		<u>Probable Range of Variation of Estimate</u>
31 July 1951	(-) 22	(-) 12 to (-) 29
31 July 1952	(-) 31	(-) 19 to (-) 38
31 July 1953	(-) 34	(-) 22 to (-) 42

6. Collectivization.

By July 1949 there were 86 farm "cooperatives" (collectives), embracing an estimated 40,850 hectares of land (type of land not specified). This is equivalent to 6.3 percent of total productive land and 4.7 percent of the land under grain. It is unlikely that such a small percentage of the grain area in cooperatives would make any appreciable difference in production in 1950. On 5 April 1951 it was planned to till 15,392 hectares of land in cooperatives and 6,492 hectares of private farms with tractors—a total of 21,884 hectares, or 7.3 percent of all grain land. The modernization of such a small percentage of grain land will have no appreciable effect on 1951 production. On 15 April 1951 the Central Committee of the Communist Party decided not to increase cooperatives further but rather to consolidate existing cooperatives into larger units.

7. Trends—Including Indications of Mobilization for War.

There have been no recent shifts in production indicating mobilization for war. There has been an increase in stocks which may indicate that steps are being taken to supply the nonfarm population in the event of war and possibly to guarantee a supply of grain for the armed forces in eventual field operations.

Industrial Capacity and Levels of Production.

A. Ferrous Metals

Summary

Albania has no iron and steel industry. The country's sole contribution in ferrous metals to the Soviet Bloc is the supply of chrome ore (the average chrome content being 40 percent). Chrome ore is found in five regions in Albania, occurring principally on the surface, but some underground mines are being developed. Extraction is by primitive means, but the economic plan provides for the introduction of more modern methods, dependent upon the procurement of modern mining machinery from the other countries of the Bloc. Soviet mining experts and geological survey parties have been active in Albania for the past 2 years in an attempt to locate new deposits, as well as to assist in expanding the production of chrome ore.

1. Production.

Albania's sole contribution in ferrous metals to the Soviet Bloc is the supply of chrome ore (the average chrome content being 40 percent). The production of chrome ore is estimated as follows: 1948, 16,000 metric tons; 1949, 25,000; and 1950, 30,000.

2. Estimated Possible Production and Capacity.

The estimated production of chrome ore in 1952 is 40,000 metric tons. The capacity is unknown. There are no domestic requirements for chrome ore and no stockpiles, all production being exported to Czechoslovakia, Poland, Hungary, and the USSR.

3. Internal Limitations.

Chrome ore is found in five regions in Albania:

- (a) Pogradec, Korca Prefecture, in southern Albania, west of Lake Ohrid.
- (b) Klos in central Albania.
- (c) Kukes, Shkoder Prefecture, in northern Albania.
- (d) Letaj, on the northern frontier.
- (e) Kosove, to the north of Letaj.

Chrome ore occurs principally on the surface, but some underground mines are being developed.

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Mining regions are located in the mountain areas of the country, and extraction is by primitive means. The ore must be brought down to loading stations in the valleys by animal pack or by cable railroads, loaded on to trucks, and then hauled to the coast for shipment. Surface mining halts in January and February. Production in November, December, and March is approximately only 10 percent of the level in the summer months. The economic plan provides for more modern methods of extraction, but this will depend upon the procurement of modern mining machinery from the Bloc countries. The primitive road system and inadequate railroads are other limiting factors in the expansion of chrome ore production.

4. Trends -- Including Indications of Mobilisation for War.

Geological survey parties and mining experts from the USSR have been active in Albania for the past 2 years in an attempt to locate new deposits and to advise the Albanian government on ways and means of expanding chrome ore production.

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B. Nonferrous Metals.

Summary

The production of nonferrous metals in Albania is relatively unimportant. The estimated current production of copper, however, which is 1,500 to 2,000 metric tons, would make a small but significant contribution to the economic war potential of the USSR.

The USSR has sent technicians to advise the Albanian government on methods of expanding production of Albanian mineral resources. The active interest of the USSR in reopening mines and in discovering new deposits points to increased production of copper, which may reach 3,000 or 4,000 metric tons per year by the end of 1952, depending upon the procurement and installation of modern mining and processing equipment.

1. Production.

The production of nonferrous metals in Albania is relatively small. Some copper, however, is mined currently, production being estimated at 1,500 to 2,000 metric tons per year.

2. Estimated Possible Production and Capacity.

Under the direction of Soviet geologists and technicians, 1/ copper deposits, which were discovered during the Italian occupation, 2/ are being reopened, and production is expected to increase, possibly reaching a rate of 3,000 to 4,000 metric tons per year by 1952. Information is lacking on domestic requirements, stockpiles, or indications of surpluses or deficits.

3. Internal Limitations.

Copper has been mined for several years in the northern part of Albania, principally in the Prefecture of Scutara. It is reported that prewar reserves 3/ of copper ores consisted of an estimated 5 million metric tons of ore with an average copper content of 2 percent. A previously unknown reserve of 50,000 metric tons estimated to contain 10 percent copper reportedly has now been examined.

The metallurgical industry is poorly developed and consists principally of domestic crafts. The USSR has sent technicians to advise the Albanian government in methods of expanding production of mineral resources, but any such expansion is dependent upon procurement of modern mining and processing

equipment. Production of nonferrous metals in Albania is relatively small when measured in terms of the total availabilities of the Soviet Bloc, but the production of copper would make a significant contribution to the strength of the European Satellites and to the USSR.

4. Trends -- Including Indications of Mobilization for War.

Active interest by the USSR in reopening mines and discovering new deposits in Albania points to increased production of copper.

C. Coal.

Summary

Albania produces insignificant quantities of lignite, a very low-grade type of coal. It is estimated that output was only 60,000 metric tons in 1950 and may reach 100,000 tons in 1952. Most of the lignite is used locally for space heating, and some is burned in railroad locomotives. With the exception of a little coke, which must be imported, Albania produces sufficient solid fuel for its own modest requirements. The principal fuel used for heating is wood. Albania cannot contribute any coal to the countries of the Soviet Bloc, nor is it dependent on foreign sources.

1. Production.

Albania has no deposits of anthracite or bituminous coal and has been producing only insignificant quantities of lignite, which is a very low-grade type of coal. Lignite deposits are found in the vicinities of Tirana, Pogradec, Korce, Bilisht, and Tepeleni, and mines are operating in all these areas with the possible exception of Bilisht.

Production has been reported since the war in percentage increases over the 1938 figure, which was about 4,000 metric tons. Output in 1948 and 1949 is reported to have been 474 percent and 1,072 percent of 1938 production. Therefore, the production for those years was about 23,000 metric tons and 47,000 metric tons, respectively. (See accompanying table for the estimated availability and requirements of Albanian coal, 1938-52.)

The Plan for 1950 called for production to reach 255 percent of the 1948 figure, 1/ which would place the target at about 58,500 metric tons. Data are lacking concerning fulfillment of the plan, but it was probably exceeded. Output in 1950 is estimated at 60,000 metric tons.

2. Forecast of Production.

There has been no announcement regarding plans for future production of lignite, but it may be expected that production will increase substantially, although the tonnage will remain unimportant. Electrification of the Mborje Drenove mine near Korce was started in the last half of 1950 and is expected to increase greatly at that mine. Production of lignite in 1952 is estimated at 100,000 metric tons, but this figure could easily be exceeded.

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3. Domestic Requirements.

There is no information available regarding the needs and use of coal in Albania. The country apparently produces sufficient lignite to provide for essential requirements and does not use any high-quality coal. With the exception of minor quantities of lignite used on the railroads, it is probable that the balance is consumed entirely for space heating in a few cities and towns located near the mines. These places include Tirana, Korce, Tepelini, Pogradec, and possibly others. The poor transport facilities, as well as the low quality of the fuel, tend to restrict broader distribution. Elsewhere, oil and wood are used as sources of heat and energy.

The power plants in Albania are all small and use oil rather than coal. If any lignite is used for power purposes, it is in very minor quantities.

There has been no recent information that Albania has been short of fuel. Presumably, output of lignite has coincided very closely with essential requirements and probably will continue to do so.

The following table furnishes estimates of requirements:

Estimated Lignite Requirements
1949-52

	<u>Metric Tons</u>
1949	45,000
1950	59,000
1951	74,000
1952	97,000

4. Stockpiles.

The low output of lignite and the fact that it is unsuitable for prolonged storage indicate that stockpiles are always low. It is estimated that stocks were only about 6,000 metric tons at the end of 1950, or only about enough to supply an average month's requirements. Increased coal production in 1951 and 1952 probably will result in proportional increases in stocks.

5. Availability--Requirements Balance.

There is no evidence available that Albania is either an importer or an exporter of coal. However, there is a report that 20 metric tons of coke were received in a cargo in 1950, and it is possible that other minor quantities were received.

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6. Internal Limitations.

Poor transport facilities limit the use of lignite mainly to production areas. None of the mines is rail-connected, and the roads are in poor condition.

Mining is carried on in both underground and open pits, but operations are small and methods are primitive. With the exception of one mine served with electricity, all mining operations are done by manual labor.

Deposits are confined to a few localities, and reserves are apparently small. The beds are generally thin and not easy to mine. At Tirana the thickest bed averages about 3 feet and reaches a maximum of 7 feet. There are several beds at Tepeleni which are more than 3 feet thick, but the beds are reported to pitch steeply, a factor which makes mining difficult. These beds of lignite, as well as those found near Pogradec, are reported to be of good quality. There are two or three beds in the Pogradec area, but they are difficult to work because the thickest bed rarely reaches 3 feet, the others reaching a maximum of only 2 feet. Near Korce, there are two lignite beds, each about 4 feet thick and easily mineable in places, but the fuel is high in ash and sulfur.

7. Trends--Including Indications of Mobilization for War.

The production of lignite has been increasing steadily since the war, and this trend can be expected to continue for several years at least. If Albania doubled or tripled its production by 1952, which could result from the installation of electrical machinery at the mine near Korce, the output must still be considered as relatively unimportant, and the trend is not indicative of preparation for war.

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Estimated Availability and Requirements of Albanian Coal A/
1938 and 1945-52

	Metric Tons						
	1946	1947	1948	1949	1950 (Plan)	1951	1952
45							
400	17,600	11,400	23,000	47,000	58,500	60,000	100,000
800	1,000	1,600	1,000	3,000	-	5,000	7,000
-	-	-	-	-	-	-	-
200	18,600	13,000	24,000	50,000	58,500	65,000	107,000
-	-	-	-	-	-	-	-
000	1,600	1,000	3,000	5,000	-	6,000	10,000
200	17,000	12,000	21,000	45,000	58,500	58,000	97,000
200	17,000	12,000	21,000	45,000	58,500	59,000	97,000

duction, given in US Minerals Yearbook, 1944, p. 682. Albania reported production increased 21% 1946, 339.53% 1947, 185.55% 1948, 473.97% and 1949, 1,072%. The estimate for 1945 is 10 output increased five times. It is probable that the 1945 increase of 33.21% over 1938 was have been 133.21%. Plans called for production in 1949 and 1950 to be 204% and 255%, respec-

that there were any.
Requirements and consumption.

D. Petroleum.

Summary

Albania produces approximately 200,000 metric tons of an inferior crude oil annually. The petroleum is high in asphalt and sulphur, and not more than 50,000 tons were refined locally in 1950. The remainder was sent to Batum in the USSR and to Poland. In return, sufficient refined products are imported from Rumania and the USSR to supply the deficit in domestic requirements.

As a result of Soviet exploitation, output may reach 300,000 metric tons in 1952. Reports of plans to build a 150,000-ton refinery to be completed by 1952 indicate an effort toward self-sufficiency. However, since requirements of petroleum products are less than 100,000 metric tons annually and probably will not increase, exports will increase as production increases.

The limited reserves, the inferior quality of the oil, the backwardness of the economy, and the complete dependence on outside sources for skilled technicians and equipment limit the development of the petroleum industry. The present emphasis by the Soviets on Albanian oil is only a normal peacetime development.

Albania's excess production of crude oil could be considered an asset to the USSR. However, since the quantity is so small by comparison and the quality so poor, it is doubtful that its loss would cause any appreciable handicap to the Soviet Union. Similarly, the size of the imports of petroleum products into Albania is so small as to cause very little drain on the Soviet Bloc.

1. Production and Estimated Possible Production and Capacity.

Great emphasis has been placed on petroleum since control of Albania has been taken over by the USSR. Soviet Missions have been sent to Albania for the purpose of expanding the petroleum industry. Extensive exploration is being carried on. Reports indicate that most of the emphasis is being placed on the Patos field. However, discovery of an extension of the Kucova field has been reported in the Tomorice Valley. A production of 250,000 metric tons in 1951 and 300,000 metric tons in 1952 can be estimated.

Before World War II, Albanian crude oil was taken to Italy for refining. During the war the Germans built three small refineries, which were badly damaged during the withdrawal of the Axis troops. At present there are two refineries in operation in the vicinity of the Kucova field, with a total capacity of probably not more than 50,000 metric tons annually. Little is known of the actual output except that it was probably about 40,000 metric tons in 1949. Approximately 30 percent of this output is 50-octane gasoline, diesel oil, and naphtha, the remainder being heavy fuel oil and bitumen. A number of reports have been received on the construction of a modern refinery with a capacity of 150,000 metric tons a year. The equipment is to come from the USSR, and the completion of the refinery by 1952 is planned.

2. Domestic Requirements.

Domestic requirements for petroleum products in Albania are small and probably amount to less than 100,000 metric tons a year for both the civil and the military categories. Preliminary estimates of 1950 consumption by product are shown in the following table (the margin of error being between minus 25 percent and zero):

Domestic Consumption of Petroleum
1950

<u>Product</u>	<u>Metric Tons</u>		
	<u>Civil</u>	<u>Military</u>	<u>Total</u>
Motor Gasoline	10,000	26,000	36,000
Diesel Oil	13,800	21,000	34,800
Fuel Oil	11,700	11,000	22,700
Kerosene	500	-	500
Lubricants	1,000	7,000	8,000
Other	3,000	-	3,000
Total	<u>40,000</u>	<u>65,000</u>	<u>105,000</u>

3. Stockpiles.

Information available does not permit estimates of quantities of petroleum products stockpiled. Storage facilities are limited for the most part to the vicinity of Vlone and Durres. Storage capacity is reported to be approximately 60,000 metric tons, plus small facilities at the fields.

4. Surplus or Deficit.

Albania has a surplus of crude oil, which traditionally has been exported to Italy and Yugoslavia but which is now exported to the USSR and Poland. With the exception of the small quantities refined locally, crude oil at the present time is exported by way of Vlone to Batum in the USSR and to Poland for refining. Vlone is connected by pipeline to the crude-oil producing areas. In return, sufficient quantities of refined products are imported to supplement the small output of local refineries. In 1950 between 120,000 and 150,000 metric tons of crude oil were shipped to USSR and Poland, and about 60,000 tons of gasoline, kerosene, and gas and diesel oil were imported from Rumania and the USSR. Exports of crude oil will probably increase as production increases until the refinery now under construction is completed. Imports will remain at approximately the same level. It is estimated that export of crude oil will be about 200,000 metric tons in 1951 and 250,000 tons in 1952.

5. Internal Limitations.

The principal limitations on the Albanian petroleum industry are the limited extent of the proved reserves, the inferior quality of the oil, and the backwardness of the economy. Albania is completely dependent on outside sources for technical assistance and equipment. The oil deposits have been uneconomically exploited in the interest of higher production.

6. Trends — Including Indications of Mobilization for War.

There are indications that recently the Soviet Union is showing greater interest in the petroleum industry of Albania. Technicians and equipment have been sent, a move that seems to be no more than reasonably could be expected for peacetime development. Imports and refining are not at sufficiently high levels to permit anything more than operating stocks. There is no unusual activity that would indicate mobilization for war.

E. Electric Power.

Summary

The electric power industry in Albania is developed only to a minor degree, does not contribute importantly to the national production, and depends entirely on foreign sources not only for the maintenance of existing facilities but also for any expansion. The USSR has rendered some assistance in the construction of the new hydroelectric plant near Tirana, and it is probable that such assistance will continue even if at a reduced rate.

1. Economic Importance of the Industry.

Because of the lack of industries requiring significant quantities of electric power, the electric power industry of Albania does not play an important economic role. The country's natural resources are limited and largely undeveloped, and extraction at present rates is not dependent on the use of electric power. There is little demand for the electric service usually required in urban centers, as all cities have populations of less than 50,000. Electric power is not important to agriculture, the preponderant element in the Albanian economy, since there are no heavy crops to be harvested or processed.

2. Prewar and Present Trends.

The development of the electric power industry before World War II was inconsequential. Therefore, any advancement since World War II appears to be large when stated in percentages. The total production of electricity in Albania, however, is still insignificant when compared with that of any other European country.

3. Probable Developments.

Although it is likely that one hydroelectric project in Tirana will be completed by 1952, there will be no large increase in electric power capabilities.

4. Internal Limitations.

a. Energy Resources.

The only solid fuel resource found in Albania is lignite, and that is in relatively small quantities and of poor quality. 1/ The extent of its use

for the generation of electricity is not known, but it is certain that it is on a very minor scale. The indigenous supply of petroleum is sufficient to meet the needs of the power industry. Petroleum is now, and will continue to be for some time to come, the primary source of electrical energy.

The topography and climate of the country provide a sizable hydroelectric potential. Data as to the amount of water power capable of development are scanty, one source ^{2/} reporting 500,000 kilowatts and another ^{3/} more than 1 million kilowatts. Even if the smaller figure is more accurate, this would meet the entire needs of the power industry.

Lack of requirements for large amounts of electric power and the inability of Albania to furnish the necessary funds and technical knowledge for development make it unlikely that there will be any large-scale hydroelectric development in the near future.

b. Electricity Generating Plants.

Information on Albanian electricity plants is fragmentary and unreliable. There is no evidence to indicate that there are more than 20 electric generating plants in the whole country which contribute to the public supply. With two reported exceptions, not fully substantiated, the plants are all diesel or internal-combustion engine plants of small capacity. It is believed that, except for a few units supplied by UNRRA, the equipment of the plants is in bad condition ^{4/} as a result of the poor quality of fuel and lubricants used and the lack of skill in operation and maintenance.

The hydroelectric plant now under construction at Selita (near Tirana) will be the largest single plant in Albania. Somewhat conflicting reports indicate a capacity of from 5,000 to 6,000 kilowatts. It is designed to augment the present inadequate electric supply in the Tirana area. Construction was started after World War II by an Albanian-Yugoslav Company, but the work was seriously retarded when the Yugoslavs withdrew following the break with Tito. Recent reports indicate that construction is presently proceeding under supervision of Soviet engineers, and it is possible that the plant will be in partial operation in 1951.

c. Transmission Systems.

There are no high-tension transmission systems in Albania. The Selita hydroelectric development will probably be connected to Tirana and Durres by a high-tension line, but no details are available regarding its characteristics or the present state of its construction.

5. Production.

Statistics for the production of electricity in Albania are almost non-existent. A statement in a German periodical 5/ indicates that the total output for 1948 was slightly over 61 million kilowatt-hours, which, measured by any standard, is insignificant.

6. Consumption.

No information is available as to the amount of electricity used by the various categories of consumers, but in view of the lack of any heavy industrial loads, it is likely that the principal users of electricity are commercial and domestic consumers in urban centers.

7. Input Requirements.

The small size of the plants and the fact that they are diesel-operated reduce the manpower problem to a minimum. The low-quality indigenous petroleum, although causing heavy maintenance charges on the equipment, should meet the fuel requirements for some years to come.

The most critical need is for spare parts for equipment which is old and in poor condition. Complete dependence on foreign sources for new equipment and for the technical skill required to install it make any material expansion of electric power unlikely in the near future.

8. Vulnerability.

The industry is highly vulnerable insofar as spare parts and replacement equipment are concerned.

F. Chemicals.

Summary

Albania has no chemical industry. The only chemical product available is pyrites, the basic ingredient for sulphur. No sulphur is produced in Albania. The Soviets recently developed a pyrites mine, the entire output—20,000 to 25,000 metric tons annually—being exported to the Eastern European Satellites. The extent of the reserves is unknown. There is no domestic demand for pyrites, and the small requirements of sulphur are supplied by imports. Production of pyrites will probably be increased to assist in filling Czech requirements. The newly developed Albanian pyrites resources indirectly increase Soviet potential for war by providing Czechoslovakia, and to a lesser extent Hungary, with part of their raw material requirements for the manufacture of explosives and other strategic products, some of which are exported to the USSR.

1. Production.

The only chemical product available in Albania is pyrites, the basic ingredient for sulphur, but Albania does not possess the equipment to produce sulphur. 1/ Until 1950, Albania produced only very small quantities of pyrites. By 1950 a newly discovered deposit had been developed, equipped, and placed in operation by Soviet technicians. 1/ The output, totaling about 20,000 to 25,000 metric tons, is exported almost entirely to Czechoslovakia, with small quantities going to Hungary. 1/

In the absence of detailed information, it is assumed that the new pyrites mine may produce 20 percent more in 1952 than in 1950, or about 25,000 to 30,000 metric tons. There are no domestic requirements and no stockpiles.

2. Internal Limitations.

(a) Availability of Raw Materials.

The extent of Albanian reserves of pyrites is unknown.

(b) Shortages in Technical Manpower, Equipment, etc.

There is no information on shortages other than that Soviet technicians have exploited and equipped a new mine. Transportation bottlenecks limit the export movement of pyrites to other Satellites. The bulk of the movement is by vessel to Trieste and thence by rail to the destination. 2/

3. Trends -- Including Indications of Mobilization for War.

Because of the world shortage of sulphur and the consequent increase in demand for pyrites, Albanian production is likely to be expanded to aid in meeting the requirements of other Satellites which are finding it more and more difficult to obtain supplies of this mineral. Such a development, however, cannot be considered as an indication of mobilization for war.

G. Engineering Industry.

SUMMARY

The Albanian engineering industry is negligible, comprising only a few machinery repair shops and three small shipyards. Albania's machinery and equipment requirements must be met entirely by imports, the greatest portion of which come from countries of the Soviet Bloc. The chief contributor is the USSR, which is supplying machinery for light industry, mining, and petroleum extraction and refining. The USSR is followed by Czechoslovakia, which is supplying electrical and optical equipment, motor vehicles, and tractors; Hungary, electrical and communications equipment and machine tools; and East Germany, industrial equipment. In the field of munitions the USSR has supplied fighter planes and light tanks; Czechoslovakia, aircraft motors; and Poland, guns and ammunition. A limiting factor in the use of this equipment by Albania is an acute shortage of skilled labor and technicians.

1. Production.

The Albanian engineering industry is negligible, comprising only three small shipyards, with an estimated aggregate output of 2,200 metric tons annually, and a few machine shops for repair purposes. All of Albania's requirements for machinery, vehicles, and munitions must be met by imports.

Albania has no plans for any great development of its engineering industry. According to the Two Year Plan (1949-50), the only capital investment allocated to the engineering industry was an item of 20 million leks for construction of machine shops.

2. Requirements.

Requirements for machinery, transportation equipment, and munitions are small when compared with those of the other Satellite countries, but a quantitative determination of these requirements cannot be made from information currently available. The following is a list of the most important categories required by Albania in approximate order of importance: transportation equipment, electrical equipment, machinery for light industry, agricultural machinery (including tractors), mining and petroleum extraction equipment, and petroleum refinery equipment.

3. Imports.

By far the largest portion of Albania's imports comes from Soviet Bloc countries, with only a minor amount from Western Europe, principally from Italy. The following is a list, by country, of origin of the various types of equipment imported by Albania:

a. From the USSR (1949-50).

- (1) Textile machinery—complete machinery for the Stalin textile combine, with an annual capacity of 20 million meters of cloth.
- (2) Sugar factory machinery—for the sugar factor in Maliq, with an annual capacity of 5,000 carloads.
- (3) Pipes for Kucove petroleum installations.
- (4) Trucks.
- (5) Laboratory equipment.
- (6) Leather processing factory.
- (7) 14 light tanks.
- (8) Two wood-seasoning factories, a plywood factory, and a tobacco-curing factory scheduled for delivery (but whether they were delivered is not known).
- (9) Pyrites mining equipment.
- (10) Promised delivery of the following in 1951 and 1952: equipment for a petroleum refinery with an annual production capacity of 150,000 metric tons, equipment for a thermal power plant, equipment for seasoning wood, machinery for a wool weaving mill, equipment for a cement factory, equipment for a 60-kilowatt medium-wave radio station, and 20 disassembled fighter planes (to have been delivered February 1951).

b. From Czechoslovakia (1950).

- (1) Electrical equipment.
- (2) Optical apparatus.
- (3) Motor vehicles and spare parts.
- (4) 40 farm tractors.
- (5) 12 aircraft motors.

c. From East Germany (1950).

Miscellaneous industrial machinery

d. From Hungary (1950).

- (1) Electrical equipment (including cable, transformers, and rectifiers).
- (2) Short-wave radio sets and spare parts.
- (3) Motor vehicle spare parts.
- (4) Machine tools.

e. From Poland (1950).

Munitions—an assortment of Polish, Czech, and German guns and ammunition.

f. From Italy (1950).

- (1) Textile machinery
- (2) Motor vehicle spare parts.
- (3) X-ray apparatus for hospitals.

g. From Austria (1950).

Four blast furnaces for Albanian copper works.

4. Internal Limitations.

The great paucity of skilled workers and technicians in Albania makes it unlikely that the machinery and equipment imported will be utilized and maintained to the best advantage. Both Soviet and Czech technicians have been sent to Albania to indoctrinate labor in industrial techniques, a move that will partially alleviate this lack of technical skill.

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VII. Transportation.Summary

Because of the undeveloped state of all forms of transport in Albania, that country is unable to make any appreciable increase in its contribution to the economic potential of the USSR for war. With regard to transport facilities and installations, only the primitive Albanian road system is sufficiently extensive to be of potential value to the USSR in case of military operations. There are virtually no air or inland water transport facilities; ports and shipping are of minor importance, and the railroad system is limited to three short, unconnected lines, one of which is narrow-gauge. In terms of transport equipment, Albania is totally unable to make any significant contribution to the USSR in any medium of transportation. Any important additions to Albania's contributions to the war potential of the Soviet Bloc could be accomplished only by extensive assistance in equipment, material, and trained personnel from the USSR itself or from other countries of the Bloc.

A. Railroads.

1. Direct Contributions of Railroads to the Economic Potential for War of the USSR.

a. General Description of the Network.

Albania's railroad net is by far the smallest in Europe. It is composed of two standard-gauge lines running from the port of Durrës into the foothills and 30 kilometers of narrow-gauge line out of Vlone.

b. Traffic.

Railroad traffic is irregular, unscheduled, and unreported. Although schedules have been published, trains do not yet run on fixed schedules but rather "as the need arises." Until recently, much of the traffic hauled was military, particularly in connection with the Greek civil war.

c. Equipment.

The tracks were built largely of worn rails dismantled in Rumania and Bulgaria. No railroad equipment is produced in Albania.

d. Capacity.

Current traffic is well below maximum potential capacity because the rail transportation requirements of the economy are still slight.

e. Vulnerability.

Both standard-gauge lines have several bridges and tunnels which make them vulnerable to air attack and sabotage. However, the national economy could not be badly disrupted by the loss of two railroad connections which did not exist as recently as 5 years ago.

f. Conclusions.

The facilities of the Albanian railroad system can make no significant contribution to the economic potential for war of the USSR.

2. Direct Contributions of Railroad Equipment to the Economic Potential for War of the USSR.

a. Inventories.

Albanian railroad inventories include only 65 freight cars, 63 passenger cars, and 7 locomotives, of which only 4 are in serviceable condition. 1/ None of this equipment is in good condition, and it is

certain that the USSR will never need to remove it from Albania for service in another theater.

b. Production Capabilities.

Albania can produce no railroad equipment with the exception of ties.

c. Effect of Transfers to the USSR.

In the unlikely event that the USSR were to remove all locomotives and rolling stock from Albania, certain inconveniences would be imposed on military movements, but the Albanian economy would not be seriously affected.

d. Conclusions.

Albania's railroad system can make virtually no direct contribution of equipment to the economic potential for war of the USSR.

3. Indirect Contributions.

a. Role of Railroads in Soviet Trade.

Albania has no rail traffic with the USSR. Small volumes of agriculture and mineral produce destined for the USSR move to the port of Vlone via railroads. (Petroleum for export moves to Vlone via pipeline.) This traffic is a negligible part of Soviet-Satellite trade and is of little importance to the Soviet economy.

b. Role of Railroads in Trade with the West.

Both known and clandestine traffic between Albania and the West is negligible and is of no importance to the economy of the Soviet Orbit.

4. Inverse Contributions.

Although Albanian railroads make virtually no demands on the economy of the Soviet Union, much of Albania's foreign trade moves over the rail systems of several of the Satellites because this traffic must be brought from points of origin to Trieste via railway before being transshipped to Albania via Adriatic coastal vessels, and vice versa.

Equipment on hand will suffice to meet traffic requirements in the foreseeable future. Materials requirements will be chiefly for spare parts and rails but will not be heavy. No serious shortage of manpower can be expected. Soviet control of the Albanian railroads will continue to be absolute.

5. Probable Developments.

There are no indications of any major developments in the near future which would appreciably affect the ability of the Albanian railroads to contribute to the Soviet economic potential for war. It is possible that an

attempt will be made to extend the railroad from Elbasan toward Korce in 1951-52. It is not likely that this line will be brought as far as Qukes before January 1953.

B. Highways.

1. Direct Contributions of Highways to the Economic Potential for War of the USSR.

a. General Description of the Network.

Improved roads total about 1,600 kilometers, giving a very low density of only 0.07 kilometers of road per square kilometer of area. Of the 1,600 kilometers, roughly 600 are asphalt-surfaced, and the remainder have a surface of crushed stone, sand, or gravel rolled over a stone foundation. 1/ The extent of unimproved dirt roads, forest roads, and trails is unknown. The network as a whole, although connecting many of the larger towns, is extremely meager even by Eastern European standards and cannot be considered adequate for either the economic or the military needs of the country. The general condition of the network is fair, most of the Italian-built roads having been repaired and resurfaced since the war. 2/ Important new construction has been negligible and is likely to remain insignificant in the future, as the need for continual maintenance absorbs most of the available material and manpower resources.

b. Traffic.

No data are available on highway traffic. Press reports indicate, however, that it is increasing. The greater share of road traffic presumably is of purely local importance and is carried in animal-drawn wagons or carts.

c. Road Construction and Maintenance Equipment.

Prior to the Yugoslav break with the Soviet Orbit, Albania received some road-building equipment from Yugoslavia. 3/ Since 1948 it is possible that similar equipment has been received from the USSR and perhaps Czechoslovakia. However, the quantity in use is believed to be very small, most road work being performed manually. Albania has no facilities for the production of road-building machinery.

d. Capacity.

The capacity of the road net is not known in any quantitative terms. It is doubtful that any of the routes have been used to near capacity since the termination of guerrilla hostilities in Greece. The surfaced highways of Albania are probably built to withstand use by 10-ton trucks. A few tanks have also been reported operating over Albanian roads. 4/

e. Vulnerability.

The road network is vulnerable to attack, but whether or not any such attack would have a significant effect on the economic or military capabilities of the country would depend on the fundamental use to which the roads are put.

f. Conclusions.

At present the roads of Albania add little to the Soviet economic potential for war except for a limited operation against Yugoslavia or Greece. In such an operation the primitive condition of Albanian rail transport would force the roads to carry the major burden of military support. Considered in this light, the Albanian road system assumes an importance out of proportion to its extent, condition, or current economic value.

2. Direct Contributions of Highway Transport Equipment to the Economic Potential for War of the USSR.

a. Inventories.

Although no accurate data are available, it is believed that Albanian motor vehicles do not total more than 1,000. The Albanians claim that their vehicle inventory was reduced from 6,227 to 783 during World War II, 5/ whereas Pravda has stated that in 1945 Albania possessed 1,870 vehicles, mostly damaged. 6/ In all likelihood serviceable vehicles at the end of the war did not exceed 783. Allowing for the retirement of most of these, reported shipments to Albania, mainly from Czechoslovakia and the Soviet Union, indicate that the current motor vehicle inventory may be between 800 and 1,000.

b. Production Capabilities.

There is a vehicle repair plant in Tirana, engaged mainly in military work, which employs about 200 people. 7/

c. Effect of Transfers to the USSR.

There have been no such transfers to date, nor is there any likelihood that Albania will transfer any motor vehicles to the USSR through 1952.

d. Conclusions.

Albania has, in terms of motor transport equipment, contributed nothing to the Soviet economic potential for war, and there are no indications that the country will in the future be able to contribute anything of consequence.

3. Inverse Contributions.

a. Equipment.

Czechoslovakia has contributed much more to Albanian road transport than has the USSR, though the total has not been great. Albania

is entirely dependent on imports as far as road machinery and vehicles are concerned. Available data, though perhaps incomplete, indicate that the number of vehicles received from the USSR since the war has probably not exceeded 400.

b. Materials and Manpower.

Sufficient quantities of road-building material are available locally, as is unskilled labor. Much of the road work is performed by youth brigades and military personnel 8/ under the direction of Soviet technicians, on whom Albania is likely to depend at least through 1952. 9/

c. Soviet Control.

Soviet control of Albanian highway transport, exercised through the Ministry of Communications and through the Army, is believed to be complete. Operation of the Tirana vehicle repair plant is under the direction of a Soviet colonel. 10/

4. Probable Developments.

Assuming continuation of cold war conditions, there are no indications that the status of Albanian highway transport will change significantly in the next 18 months. Development and improvement will continue to be slow, remaining largely dependent on outside aid from the Soviet Bloc. Its contribution to the Soviet economic potential for war will remain largely negative.

C. Water Transport.

1. Direct Contributions of Water Transport to the Economic Potential for War of the USSR.

a. General Description of the Network.

Albania has seven ports, only two of which, Durres and Vlone, can be considered to be of economic importance. The remaining ports of Albania are of only local consequence. Durres is the principal port and accounts for about half of the country's ocean traffic. Durres is also the command headquarters and principal operating base for the Albanian Navy. 1/

The port of Vlone is decidedly secondary to Durres as a commercial port, but it is important as the headquarters for a Soviet technical defense command. The area is reported to be under development as a Soviet naval base, especially for submarines. Petroleum exports from Albania to the USSR move from Vlone.

b. Traffic.

Albanian traffic consists primarily of domestic coastal trade and shipments to and from the Soviet Bloc countries. Most traffic moves in Soviet ships to and from the Black Sea and nearby areas. Exports include such raw materials as pyrites, chrome ore, copper, wool, skins, olive oil, bitumen, and petroleum, and imports consist of capital goods such as machinery, oil well and mining equipment, and other durable goods. Exact information on the volume of Albanian traffic is not available, but from two to five Soviet ships of the Liberty type (7,176 gross tons) call at Albanian ports each month in addition to a number of smaller ships under the Soviet, Polish, Rumanian, and Hungarian flags.

c. Equipment.

Although the principal ports are equipped with cargo-handling facilities to a limited degree, Albanian ports are generally very deficient in such equipment. There is an acute shortage of lighters and tugs, as well as traffic-control devices. Repair facilities are extremely limited, and it is likely that commercial repairs would be restricted to minor work of a most routine nature.

d. Capacity.

The combined capacity of all seven ports in Albania probably does not exceed 4,000 long tons per day. Of this, Durres accounts for about 60 percent, and Vlone, Saengjin, and Sarande together account for about another 25 percent.

e. Vulnerability.

The ports of Albania are extremely vulnerable to attack as was shown in the great damage wrought in World War II. The port installations could easily be brought under attack from bases in Italy, Greece, or Yugoslavia, and closure of the Adriatic would eliminate the possibility of replacement or repair of the poor cargo-handling and ship-repair facilities.

f. Conclusions.

Analysis of the port situation in Albania conclusively shows that the ports are incapable of making any major contribution to the Soviet transport potential. At best the ports support only limited activities, and any sizable attack would quickly reduce them to dependence upon manual cargo handling of the most primitive nature.

2. Direct Contributions of Shipping to the Economic Potential for War of the USSR.

Albania could not contribute any ocean-going merchant ships to the USSR, since it has no merchant vessels of this type. The merchant fleet consists of 20 to 30 small craft ranging from 10 tons up to possibly 500 gross tons and is confined to domestic and nearby trade.

Although it is most improbable that the USSR would bother to transfer Albanian ships to its own use, the loss of its limited tonnage in such an event would be important to Albania. The poor state of land transport along the Albanian coast (as elsewhere) makes the coastal traffic of those few ships of considerable importance to the Albanian economy.

3. Indirect Contributions.

Albanian merchant shipping and trade are of little significance to the USSR, and Albanian merchant shipping is of no consequence in traffic with the West.

4. Inverse Contributions.

At the present time both the USSR and several of the Satellites are allocating merchant tonnage to transport Albanian imports and exports.

The USSR would have to make substantial contributions of port equipment and shipping in order to increase the potential of Albania to support Soviet military moves in that area. Cargo-handling equipment would be essential in

any plan to expand the capacities of the ports. Warehousing space is very short, and port clearance facilities are poor. To attain the potential contribution of the area, the Albanian merchant fleet would have to be expanded well above present levels. Manpower is a problem which might be more easily solved. There would probably be an adequate supply of unskilled manpower available to work under the already existing direction of Soviet technicians.

Albanian ports are under the direct control of the USSR. Soviet technicians and military personnel have been stationed in the country under the provisions of various military and economic pacts arranged since the end of World War II, and Albanian shipping is completely under Soviet control.

5. Probable Developments.

There appears to be little prospect of improvement in the present situation in Albanian ports and water transport. The sole exception appears to be the excellent outlook for some progress in paramilitary projects, such as harbor installations. Numerous reports indicate that the USSR is devoting considerable effort to improving such areas as Saseno Island near Vlone for military purposes. The completion of such projects may result in some improvement in Albanian port facilities.

D. Air Transport.

1. Direct Contributions of Air Transport to the Economic Potential for War of the USSR.

a. General Description of the Network.

There are nine airfields or landing grounds in Albania, all constructed before or during World War II, and four of these have concrete runways. The airfield at Tirana, however, is the only one known to be in serviceable condition. The 4,800-foot runway limits the use of the field to light and medium aircraft. 1/

b. Traffic.

There is no regular civil air transport traffic in Albania at this time.

c. Equipment.

In view of the virtual absence of civil aviation in Albania since the war, ground handling equipment and repair facilities are believed to be practically nonexistent.

d. Capacity.

The capacity of ground facilities is negligible at the present time. An extensive program of airfield development and rehabilitation would be necessary to permit even minimum operations with modern transport aircraft.

e. Vulnerability.

The proximity of Albania to Yugoslavia and Italy renders the airfield of Tirana extremely vulnerable to air attack. The lack of extensive ground facilities, however, reduces the importance of the airfield as a potential target. Recent unconfirmed reports suggest that the USSR may be in the process of building up a small Soviet fighter force to be located at Tirana and on the island of Saseno. 2/ If true, this would presumably decrease the vulnerability of these points as targets.

f. Conclusions.

There are no air transport facilities in Albania at this time which could directly contribute to the Soviet economic potential for war.

2. Direct Contributions of Air Transport Equipment to the Economic Potential for War of the USSR.

Albania can make no contribution of air transport equipment to the USSR. It has neither air transport equipment nor production facilities.

3. Indirect Contributions.

There are no Albanian air transport services.

4. Inverse Contributions.

Albania has no air transport requirements. The country has no need for domestic air services, and international operations are precluded by the lack of air agreements with those countries over which it would be necessary to fly en route to the USSR or the Satellites.

5. Probable Developments.

It is unlikely that there will be any air transport developments in Albania through 1952.

VIII. Current Allocations of Economic Resources.

1. Investment and Production in Industry.

The USSR has sent technicians and equipment to exploit Albanian chrome ore, pyrites, and oil resources, and the more industrialized Satellite countries have extended long-term trade and credit agreements. These arrangements are enabling Albania to build up its industrial potential more rapidly than was possible under Italian or Yugoslav domination. Thirty-five to 40 percent of the national budget is going into capital investment and financial support of industry.

2. Agricultural Development.

Agricultural development continues at a very low level, and the slow tempo of collectivization thus far attained will have no appreciable effect on production through 1952. Grain acreage has declined slightly since the peak year of 1948. Nevertheless, it is planned to till, with modern Soviet tractors, about 7 percent of the grain lands. Industrial crops are being advanced more rapidly than grain crops.

Imports of grain from the USSR and Rumania are in excess of normal requirements, and stocks on hand are sufficient for 6 or 7 months. These stocks may be used to supply the nonfarm population in the coastal area or to guarantee a supply of grain for the armed forces.

3. Civilian Consumption.

Normally Albania is virtually self-sustaining in food. Its local grain crop is nearly sufficient to meet annual requirements. In 1949, strict rationing was instituted, covering bread, clothing, and most necessities of life and applying chiefly to the coastal area. This measure was taken primarily for reasons of political and military expediency. The ration system is highly discriminatory against the nonproductive segments of the population, such as certain retail traders, the wealthy, the idle, and those not employed in government enterprises. The price list of rationed goods is arranged according to the purchasing capacity of the three levels of the population (workers and civil servants, working farmers, and persons employed in the free market). Laborers are provided with the most liberal bread rations, and the aged, crippled, and school children with the smallest. The standard of living in Albania, which is the lowest in Europe, remains below prewar and is not expected to rise appreciably in 1951 or 1952.

4. Contributions of the Economy to the War Capabilities of the USSR.

Although small in amount, Albanian mineral resources--chrome ore, copper, pyrites, oil, and bitumen--which are exported mainly to the Satellites, are contributing significantly to the ability of the latter to increase their exports to the USSR, thus furthering the war capabilities of the Soviet Union.

The excess of crude oil--production of which is large in relation to domestic requirements but small in absolute volume--is sent to the USSR and Poland for refining. Chrome ore and copper, which are exported to the Satellites, contribute to their industry. Because of the general shortage of copper, the small amounts shipped to the other countries of the Orbit are of considerable significance. A critical Satellite deficit in pyrites has enhanced the strategic value of the newly developed Albanian supplies, and Albanian shipments partially relieve dependence on sources outside the Bloc. The increased mobilization program of the Soviet Bloc and particularly of the Soviet Union has increased the demand for sulphuric acid (for explosives), rayon tire cord, and other military end-products dependent on pyrites or sulphur. Bitumen is of importance for highway construction, for airfield landing strips, and for miscellaneous industrial uses.

5. Probable Shipments of Materials and Manufactures.

It is likely that production of petroleum, pyrites, copper, and chrome ore will be stepped up by the end of 1952, as indicated by the increasing numbers of Soviet and Satellite technicians and equipment sent to Albania for the development of each of these products. Estimated production of these raw materials in 1950 and 1952 follows:

	Metric Tons	
	<u>1950</u>	<u>1952</u>
Petroleum	200,000	300,000
Chrome Ore	30,000	40,000
Copper	1,500 to 2,000	3,000 to 4,000
Pyrites	20,000 to 25,000	25,000 to 30,000

Albania is now and will continue through 1952 to be a net drain on the resources of the Soviet Bloc for engineering and industrial equipment and end-products. There are no exports of fabricated products.

IX. Estimated Degree of Vulnerability to Western Economic Warfare.

1. Major Imports.

a. From Western Europe.

Since the reorientation of Albanian trade to the Soviet Bloc, **virtually all imports**, with the exception of the minor importance of some pharmaceuticals and some industrial equipment from Italy, come from the Soviet Bloc. This trade would be vulnerable to the more aggressive measures of economic warfare, such as the blockade, because of the geographical position of Albania, bordered as it is by Yugoslavia, Greece, and the sea.

2. Degree of Vulnerability of Major Sectors of the Economy.

Albania is not especially vulnerable to Western economic measures, for it has no heavy industry and only a limited amount of light industry, and transportation is a minor factor in the economy. Furthermore, the embargo of agricultural products and equipment by Western countries would have no effect, since these products are imported from the Soviet Union. Economic measures against the Soviet Bloc, as a whole, would affect the Albanian economy more than measures directed specifically against Albania, retarding the rate of economic development because the USSR and the Satellites would have less to export to Albania.

3. Compensating Measures to Offset Economic Warfare.

In the event of all-out Western economic warfare against the Soviet Bloc, the latter might be forced to reallocate equipment and raw materials within the Bloc, thus reducing Albania's share. Although this effect on production and the pattern of consumption in Albania would be slight, it would seriously affect future Plan accomplishments. Moreover, Albania lacks resources for the development of substitutes for raw materials, end-products, and services.

X. Indications of Preparations for War.

There are no indications of preparations for war by Albania itself unless the stockpile of grain that has been accumulated may be considered as such. However, the Soviet and Satellite exploitation of Albanian mineral resources undoubtedly is for the purpose of strengthening the war potential of the Soviet Bloc.

The reorientation of Albanian trade from the West to the East detracts from, rather than adds to, the war potential. Albania is particularly vulnerable because of its geographical isolation from the other countries of the Bloc.

TOP SECRET

APPENDIX A

RECAPITULATION OF LIMITATIONS, DEFICIENCIES
AND REQUIREMENTS OF INTELLIGENCE

Sections III, VIII, IX, and X do not have material
to be included in this Appendix.

I. Trends in the Structure of the Economy.

In the short period in which the following list of deficiencies of information has been drawn up, it has not been possible to canvass fully all available sources of information.

1. Preparation of Plans.

a. The extent to which Soviet advisers in Albania participate in the initial stages of plan preparation.

b. The extent to which they are able to exercise powers of review over the plans before they are presented to Moscow for approval.

c. The agencies or individuals in Moscow to which the plan is presented.

d. The step-by-step passage of the plans from the initiating officials and agencies to the lowest administrative levels and back to the higher levels of government.

e. The interaction and liaison between the various officials and agents of the Albanian government and the Workers' Party with regard to plan preparation.

f. The structure and function of the planning sections of the various ministries and their connection with the State Planning Commission.

g. Any notable differences in the process of plan preparation as carried out in Albania as compared with that followed by the USSR.

2. Plan Control.

a. The exact method and amount of control exerted by Soviet advisers and representatives in Albania over fulfillment of the country's economic plan.

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TOP SECRET

G. Engineering Industry.

SUMMARY

The Albanian engineering industry is negligible, comprising only a few machinery repair shops and three small shipyards. Albania's machinery and equipment requirements must be met entirely by imports, the greatest portion of which come from countries of the Soviet Bloc. The chief contributor is the USSR, which is supplying machinery for light industry, mining, and petroleum extraction and refining. The USSR is followed by Czechoslovakia, which is supplying electrical and optical equipment, motor vehicles, and tractors; Hungary, electrical and communications equipment and machine tools; and East Germany, industrial equipment. In the field of munitions the USSR has supplied fighter planes and light tanks; Czechoslovakia, aircraft motors; and Poland, guns and ammunition. A limiting factor in the use of this equipment by Albania is an acute shortage of skilled labor and technicians.

1. Production.

The Albanian engineering industry is negligible, comprising only three small shipyards, with an estimated aggregate output of 2,200 metric tons annually, and a few machine shops for repair purposes. All of Albania's requirements for machinery, vehicles, and munitions must be met by imports.

Albania has no plans for any great development of its engineering industry. According to the Two Year Plan (1949-50), the only capital investment allocated to the engineering industry was an item of 20 million leks for construction of machine shops.

2. Requirements.

Requirements for machinery, transportation equipment, and munitions are small when compared with those of the other Satellite countries, but a quantitative determination of these requirements cannot be made from information currently available. The following is a list of the most important categories required by Albania in approximate order of importance: transportation equipment, electrical equipment, machinery for light industry, agricultural machinery (including tractors), mining and petroleum extraction equipment, and petroleum refinery equipment.

3. Imports.

By far the largest portion of Albania's imports comes from Soviet Bloc countries, with only a minor amount from Western Europe, principally from Italy. The following is a list, by country, of origin of the various types of equipment imported by Albania:

a. From the USSR (1949-50).

- (1) Textile machinery--complete machinery for the Stalin textile combine, with an annual capacity of 20 million meters of cloth.
- (2) Sugar factory machinery--for the sugar factor in Maliq, with an annual capacity of 5,000 carloads.
- (3) Pipes for Kucove petroleum installations.
- (4) Trucks.
- (5) Laboratory equipment.
- (6) Leather processing factory.
- (7) 14 light tanks.
- (8) Two wood-seasoning factories, a plywood factory, and a tobacco-curing factory scheduled for delivery (but whether they were delivered is not known).
- (9) Pyrites mining equipment.
- (10) Promised delivery of the following in 1951 and 1952: equipment for a petroleum refinery with an annual production capacity of 150,000 metric tons, equipment for a thermal power plant, equipment for seasoning wood, machinery for a wool weaving mill, equipment for a cement factory, equipment for a 60-kilowatt medium-wave radio station, and 20 disassembled fighter planes (to have been delivered February 1951).

b. From Czechoslovakia (1950).

- (1) Electrical equipment.
- (2) Optical apparatus.
- (3) Motor vehicles and spare parts.
- (4) 40 farm tractors.
- (5) 12 aircraft motors.

c. From East Germany (1950).

Miscellaneous industrial machinery

d. From Hungary (1950).

- (1) Electrical equipment (including cable, transformers, and rectifiers).
- (2) Short-wave radio sets and spare parts.
- (3) Motor vehicle spare parts.
- (4) Machine tools.

e. From Poland (1950).

Munitions--an assortment of Polish, Czech, and German guns and ammunition.

f. From Italy (1950).

- (1) Textile machinery
- (2) Motor vehicle spare parts.
- (3) X-ray apparatus for hospitals.

g. From Austria (1950).

Four blast furnaces for Albanian copper works.

4. Internal Limitations.

The great paucity of skilled workers and technicians in Albania makes it unlikely that the machinery and equipment imported will be utilized and maintained to the best advantage. Both Soviet and Czech technicians have been sent to Albania to indoctrinate labor in industrial techniques, a move that will partially alleviate this lack of technical skill.

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VII. Transportation.**Summary**

Because of the undeveloped state of all forms of transport in Albania, that country is unable to make any appreciable increase in its contribution to the economic potential of the USSR for war. With regard to transport facilities and installations, only the primitive Albanian road system is sufficiently extensive to be of potential value to the USSR in case of military operations. There are virtually no air or inland water transport facilities, ports and shipping are of minor importance, and the railroad system is limited to three short, unconnected lines, one of which is narrow-gauge. In terms of transport equipment, Albania is totally unable to make any significant contribution to the USSR in any medium of transportation. Any important additions to Albania's contributions to the war potential of the Soviet Bloc could be accomplished only by extensive assistance in equipment, material, and trained personnel from the USSR itself or from other countries of the Bloc.

A. Railroads.

1. Direct Contributions of Railroads to the Economic Potential for War of the USSR.

a. General Description of the Network.

Albania's railroad net is by far the smallest in Europe. It is composed of two standard-gauge lines running from the port of Durrës into the foothills and 30 kilometers of narrow-gauge line out of Vlone.

b. Traffic.

Railroad traffic is irregular, unscheduled, and unreported. Although schedules have been published, trains do not yet run on fixed schedules but rather "as the need arises." Until recently, much of the traffic hauled was military, particularly in connection with the Greek civil war.

c. Equipment.

The tracks were built largely of worn rails dismantled in Rumania and Bulgaria. No railroad equipment is produced in Albania.

d. Capacity.

Current traffic is well below maximum potential capacity because the rail transportation requirements of the economy are still slight.

e. Vulnerability.

Both standard-gauge lines have several bridges and tunnels which make them vulnerable to air attack and sabotage. However, the national economy could not be badly disrupted by the loss of two railroad connections which did not exist as recently as 5 years ago.

f. Conclusions.

The facilities of the Albanian railroad system can make no significant contribution to the economic potential for war of the USSR.

2. Direct Contributions of Railroad Equipment to the Economic Potential for War of the USSR.

a. Inventories.

Albanian railroad inventories include only 65 freight cars, 63 passenger cars, and 7 locomotives, of which only 4 are in serviceable condition. 1/ None of this equipment is in good condition, and it is

certain that the USSR will never need to remove it from Albania for service in another theater.

b. Production Capabilities.

Albania can produce no railroad equipment with the exception of ties.

c. Effect of Transfers to the USSR.

In the unlikely event that the USSR were to remove all locomotives and rolling stock from Albania, certain inconveniences would be imposed on military movements, but the Albanian economy would not be seriously affected.

d. Conclusions.

Albania's railroad system can make virtually no direct contribution of equipment to the economic potential for war of the USSR.

3. Indirect Contributions.

a. Role of Railroads in Soviet Trade.

Albania has no rail traffic with the USSR. Small volumes of agriculture and mineral produce destined for the USSR move to the port of Vlone via railroads. (Petroleum for export moves to Vlone via pipeline.) This traffic is a negligible part of Soviet-Satellite trade and is of little importance to the Soviet economy.

b. Role of Railroads in Trade with the West.

Both known and clandestine traffic between Albania and the West is negligible and is of no importance to the economy of the Soviet Orbit.

4. Inverse Contributions.

Although Albanian railroads make virtually no demands on the economy of the Soviet Union, much of Albania's foreign trade moves over the rail systems of several of the Satellites because this traffic must be brought from points of origin to Trieste via railway before being transshipped to Albania via Adriatic coastal vessels, and vice versa.

Equipment on hand will suffice to meet traffic requirements in the foreseeable future. Materials requirements will be chiefly for spare parts and rails but will not be heavy. No serious shortage of manpower can be expected. Soviet control of the Albanian railroads will continue to be absolute.

5. Probable Developments.

There are no indications of any major developments in the near future which would appreciably affect the ability of the Albanian railroads to contribute to the Soviet economic potential for war. It is possible that an

attempt will be made to extend the railroad from Elbasan toward Korce in 1951-52. It is not likely that this line will be brought as far as Qukes before January 1953.

B. Highways.**1. Direct Contributions of Highways to the Economic Potential for War of the USSR.****a. General Description of the Network.**

Improved roads total about 1,600 kilometers, giving a very low density of only 0.07 kilometers of road per square kilometer of area. Of the 1,600 kilometers, roughly 600 are asphalt-surfaced, and the remainder have a surface of crushed stone, sand, or gravel rolled over a stone foundation. 1/ The extent of unimproved dirt roads, forest roads, and trails is unknown. The network as a whole, although connecting many of the larger towns, is extremely meager even by Eastern European standards and cannot be considered adequate for either the economic or the military needs of the country. The general condition of the network is fair, most of the Italian-built roads having been repaired and resurfaced since the war. 2/ Important new construction has been negligible and is likely to remain insignificant in the future, as the need for continual maintenance absorbs most of the available material and manpower resources.

b. Traffic.

No data are available on highway traffic. Press reports indicate, however, that it is increasing. The greater share of road traffic presumably is of purely local importance and is carried in animal-drawn wagons or carts.

c. Road Construction and Maintenance Equipment.

Prior to the Yugoslav break with the Soviet Orbit, Albania received some road-building equipment from Yugoslavia. 3/ Since 1948 it is possible that similar equipment has been received from the USSR and perhaps Czechoslovakia. However, the quantity in use is believed to be very small, most road work being performed manually. Albania has no facilities for the production of road-building machinery.

d. Capacity.

The capacity of the road net is not known in any quantitative terms. It is doubtful that any of the routes have been used to near capacity since the termination of guerrilla hostilities in Greece. The surfaced highways of Albania are probably built to withstand use by 10-ton trucks. A few tanks have also been reported operating over Albanian roads. 4/

e. Vulnerability.

The road network is vulnerable to attack, but whether or not any such attack would have a significant effect on the economic or military capabilities of the country would depend on the fundamental use to which the roads are put.

f. Conclusions.

At present the roads of Albania add little to the Soviet economic potential for war except for a limited operation against Yugoslavia or Greece. In such an operation the primitive condition of Albanian rail transport would force the roads to carry the major burden of military support. Considered in this light, the Albanian road system assumes an importance out of proportion to its extent, condition, or current economic value.

2. Direct Contributions of Highway Transport Equipment to the Economic Potential for War of the USSR.

a. Inventories.

Although no accurate data are available, it is believed that Albanian motor vehicles do not total more than 1,000. The Albanians claim that their vehicle inventory was reduced from 6,227 to 783 during World War II, 5/ whereas Pravda has stated that in 1945 Albania possessed 1,870 vehicles, mostly damaged. 6/ In all likelihood serviceable vehicles at the end of the war did not exceed 783. Allowing for the retirement of most of these, reported shipments to Albania, mainly from Czechoslovakia and the Soviet Union, indicate that the current motor vehicle inventory may be between 800 and 1,000.

b. Production Capabilities.

There is a vehicle repair plant in Tirana, engaged mainly in military work, which employs about 200 people. 7/

c. Effect of Transfers to the USSR.

There have been no such transfers to date, nor is there any likelihood that Albania will transfer any motor vehicles to the USSR through 1952.

d. Conclusions.

Albania has, in terms of motor transport equipment, contributed nothing to the Soviet economic potential for war, and there are no indications that the country will in the future be able to contribute anything of consequence.

3. Inverse Contributions.

a. Equipment.

Czechoslovakia has contributed much more to Albanian road transport than has the USSR, though the total has not been great. Albania

is entirely dependent on imports as far as road machinery and vehicles are concerned. Available data, though perhaps incomplete, indicate that the number of vehicles received from the USSR since the war has probably not exceeded 400.

b. Materials and Manpower.

Sufficient quantities of road-building material are available locally, as is unskilled labor. Much of the road work is performed by youth brigades and military personnel 8/ under the direction of Soviet technicians, on whom Albania is likely to depend at least through 1952. 9/

c. Soviet Control.

Soviet control of Albanian highway transport, exercised through the Ministry of Communications and through the Army, is believed to be complete. Operation of the Tirana vehicle repair plant is under the direction of a Soviet colonel. 10/

4. Probable Developments.

Assuming continuation of cold war conditions, there are no indications that the status of Albanian highway transport will change significantly in the next 18 months. Development and improvement will continue to be slow, remaining largely dependent on outside aid from the Soviet Bloc. Its contribution to the Soviet economic potential for war will remain largely negative.

C. Water Transport.

1. Direct Contributions of Water Transport to the Economic Potential for War of the USSR.

a. General Description of the Network.

Albania has seven ports, only two of which, Durres and Vlone, can be considered to be of economic importance. The remaining ports of Albania are of only local consequence. Durres is the principal port and accounts for about half of the country's ocean traffic. Durres is also the command headquarters and principal operating base for the Albanian Navy. 1/

The port of Vlone is decidedly secondary to Durres as a commercial port, but it is important as the headquarters for a Soviet technical defense command. The area is reported to be under development as a Soviet naval base, especially for submarines. Petroleum exports from Albania to the USSR move from Vlone.

b. Traffic.

Albanian traffic consists primarily of domestic coastal trade and shipments to and from the Soviet Bloc countries. Most traffic moves in Soviet ships to and from the Black Sea and nearby areas. Exports include such raw materials as pyrites, chrome ore, copper, wool, skins, olive oil, bitumen, and petroleum, and imports consist of capital goods such as machinery, oil well and mining equipment, and other durable goods. Exact information on the volume of Albanian traffic is not available, but from two to five Soviet ships of the Liberty type (7,176 gross tons) call at Albanian ports each month in addition to a number of smaller ships under the Soviet, Polish, Rumanian, and Hungarian flags.

c. Equipment.

Although the principal ports are equipped with cargo-handling facilities to a limited degree, Albanian ports are generally very deficient in such equipment. There is an acute shortage of lighters and tugs, as well as traffic-control devices. Repair facilities are extremely limited, and it is likely that commercial repairs would be restricted to minor work of a most routine nature.

d. Capacity.

The combined capacity of all seven ports in Albania probably does not exceed 4,000 long tons per day. Of this, Durres accounts for about 60 percent, and Vlone, Saengjin, and Sarande together account for about another 25 percent.

e. Vulnerability.

The ports of Albania are extremely vulnerable to attack as was shown in the great damage wrought in World War II. The port installations could easily be brought under attack from bases in Italy, Greece, or Yugoslavia, and closure of the Adriatic would eliminate the possibility of replacement or repair of the poor cargo-handling and ship-repair facilities.

f. Conclusions.

Analysis of the port situation in Albania conclusively shows that the ports are incapable of making any major contribution to the Soviet transport potential. At best the ports support only limited activities, and any sizable attack would quickly reduce them to dependence upon manual cargo handling of the most primitive nature.

2. Direct Contributions of Shipping to the Economic Potential for War of the USSR.

Albania could not contribute any ocean-going merchant ships to the USSR, since it has no merchant vessels of this type. The merchant fleet consists of 20 to 30 small craft ranging from 10 tons up to possibly 500 gross tons and is confined to domestic and nearby trade.

Although it is most improbable that the USSR would bother to transfer Albanian ships to its own use, the loss of its limited tonnage in such an event would be important to Albania. The poor state of land transport along the Albanian coast (as elsewhere) makes the coastal traffic of those few ships of considerable importance to the Albanian economy.

3. Indirect Contributions.

Albanian merchant shipping and trade are of little significance to the USSR, and Albanian merchant shipping is of no consequence in traffic with the West.

4. Inverse Contributions.

At the present time both the USSR and several of the Satellites are allocating merchant tonnage to transport Albanian imports and exports.

The USSR would have to make substantial contributions of port equipment and shipping in order to increase the potential of Albania to support Soviet military moves in that area. Cargo-handling equipment would be essential in

any plan to expand the capacities of the ports. Warehousing space is very short, and port clearance facilities are poor. To attain the potential contribution of the area, the Albanian merchant fleet would have to be expanded well above present levels. Manpower is a problem which might be more easily solved. There would probably be an adequate supply of unskilled manpower available to work under the already existing direction of Soviet technicians.

Albanian ports are under the direct control of the USSR. Soviet technicians and military personnel have been stationed in the country under the provisions of various military and economic pacts arranged since the end of World War II, and Albanian shipping is completely under Soviet control.

5. Probable Developments.

There appears to be little prospect of improvement in the present situation in Albanian ports and water transport. The sole exception appears to be the excellent outlook for some progress in paramilitary projects, such as harbor installations. Numerous reports indicate that the USSR is devoting considerable effort to improving such areas as Saseno Island near Vlone for military purposes. The completion of such projects may result in some improvement in Albanian port facilities.

D. Air Transport.

1. Direct Contributions of Air Transport to the Economic Potential for War of the USSR.

a. General Description of the Network.

There are nine airfields or landing grounds in Albania, all constructed before or during World War II, and four of these have concrete runways. The airfield at Tirana, however, is the only one known to be in serviceable condition. The 4,800-foot runway limits the use of the field to light and medium aircraft. 1/

b. Traffic.

There is no regular civil air transport traffic in Albania at this time.

c. Equipment.

In view of the virtual absence of civil aviation in Albania since the war, ground handling equipment and repair facilities are believed to be practically nonexistent.

d. Capacity.

The capacity of ground facilities is negligible at the present time. An extensive program of airfield development and rehabilitation would be necessary to permit even minimum operations with modern transport aircraft.

e. Vulnerability.

The proximity of Albania to Yugoslavia and Italy renders the airfield of Tirana extremely vulnerable to air attack. The lack of extensive ground facilities, however, reduces the importance of the airfield as a potential target. Recent unconfirmed reports suggest that the USSR may be in the process of building up a small Soviet fighter force to be located at Tirana and on the island of Sáseno. 2/ If true, this would presumably decrease the vulnerability of these points as targets.

f. Conclusions.

There are no air transport facilities in Albania at this time which could directly contribute to the Soviet economic potential for war.

2. Direct Contributions of Air Transport Equipment to the Economic Potential for War of the USSR.

Albania can make no contribution of air transport equipment to the USSR. It has neither air transport equipment nor production facilities.

3. Indirect Contributions.

There are no Albanian air transport services.

4. Inverse Contributions.

Albania has no air transport requirements. The country has no need for domestic air services, and international operations are precluded by the lack of air agreements with those countries over which it would be necessary to fly en route to the USSR or the Satellites.

5. Probable Developments.

It is unlikely that there will be any air transport developments in Albania through 1952.

VIII. Current Allocations of Economic Resources.

1. Investment and Production in Industry.

The USSR has sent technicians and equipment to exploit Albanian chrome ore, pyrites, and oil resources, and the more industrialized Satellite countries have extended long-term trade and credit agreements. These arrangements are enabling Albania to build up its industrial potential more rapidly than was possible under Italian or Yugoslav domination. Thirty-five to 40 percent of the national budget is going into capital investment and financial support of industry.

2. Agricultural Development.

Agricultural development continues at a very low level, and the slow tempo of collectivization thus far attained will have no appreciable effect on production through 1952. Grain acreage has declined slightly since the peak year of 1948. Nevertheless, it is planned to till, with modern Soviet tractors, about 7 percent of the grain lands. Industrial crops are being advanced more rapidly than grain crops.

Imports of grain from the USSR and Rumania are in excess of normal requirements, and stocks on hand are sufficient for 6 or 7 months. These stocks may be used to supply the nonfarm population in the coastal area or to guarantee a supply of grain for the armed forces.

3. Civilian Consumption.

Normally Albania is virtually self-sustaining in food. Its local grain crop is nearly sufficient to meet annual requirements. In 1949, strict rationing was instituted, covering bread, clothing, and most necessities of life and applying chiefly to the coastal area. This measure was taken primarily for reasons of political and military expediency. The ration system is highly discriminatory against the nonproductive segments of the population, such as certain retail traders, the wealthy, the idle, and those not employed in government enterprises. The price list of rationed goods is arranged according to the purchasing capacity of the three levels of the population (workers and civil servants, working farmers, and persons employed in the free market). Laborers are provided with the most liberal bread rations, and the aged, crippled, and school children with the smallest. The standard of living in Albania, which is the lowest in Europe, remains below prewar and is not expected to rise appreciably in 1951 or 1952.

4. Contributions of the Economy to the War Capabilities of the USSR.

Although small in amount, Albanian mineral resources--chrome ore, copper, pyrites, oil, and bitumen--which are exported mainly to the Satellites, are contributing significantly to the ability of the latter to increase their exports to the USSR, thus furthering the war capabilities of the Soviet Union.

The excess of crude oil—production of which is large in relation to domestic requirements but small in absolute volume—is sent to the USSR and Poland for refining. Chrome ore and copper, which are exported to the Satellites, contribute to their industry. Because of the general shortage of copper, the small amounts shipped to the other countries of the Orbit are of considerable significance. A critical Satellite deficit in pyrites has enhanced the strategic value of the newly developed Albanian supplies, and Albanian shipments partially relieve dependence on sources outside the Bloc. The increased mobilization program of the Soviet Bloc and particularly of the Soviet Union has increased the demand for sulphuric acid (for explosives), rayon tire cord, and other military end-products dependent on pyrites or sulphur. Bitumen is of importance for highway construction, for airfield landing strips, and for miscellaneous industrial uses.

5. Probable Shipments of Materials and Manufactures.

It is likely that production of petroleum, pyrites, copper, and chrome ore will be stepped up by the end of 1952, as indicated by the increasing numbers of Soviet and Satellite technicians and equipment sent to Albania for the development of each of these products. Estimated production of these raw materials in 1950 and 1952 follows:

	Metric Tons	
	<u>1950</u>	<u>1952</u>
Petroleum	200,000	300,000
Chrome Ore	30,000	40,000
Copper	1,500 to 2,000	3,000 to 4,000
Pyrites	20,000 to 25,000	25,000 to 30,000

Albania is now and will continue through 1952 to be a net drain on the resources of the Soviet Bloc for engineering and industrial equipment and end-products. There are no exports of fabricated products.

IX. Estimated Degree of Vulnerability to Western Economic Warfare.

1. Major Imports.

a. From Western Europe.

Since the reorientation of Albanian trade to the Soviet Bloc, **virtually all imports**, with the exception of the minor importance of some pharmaceuticals and some industrial equipment from Italy, come from the Soviet Bloc. This trade would be vulnerable to the more aggressive measures of economic warfare, such as the blockade, because of the geographical position of Albania, bordered as it is by Yugoslavia, Greece, and the sea.

2. Degree of Vulnerability of Major Sectors of the Economy.

Albania is not especially vulnerable to Western economic measures, for it has no heavy industry and only a limited amount of light industry, and transportation is a minor factor in the economy. Furthermore, the embargo of agricultural products and equipment by Western countries would have no effect, since these products are imported from the Soviet Union. Economic measures against the Soviet Bloc, as a whole, would affect the Albanian economy more than measures directed specifically against Albania, retarding the rate of economic development because the USSR and the Satellites would have less to export to Albania.

3. Compensating Measures to Offset Economic Warfare.

In the event of all-out Western economic warfare against the Soviet Bloc, the latter might be forced to reallocate equipment and raw materials within the Bloc, thus reducing Albania's share. Although this effect on production and the pattern of consumption in Albania would be slight, it would seriously affect future Plan accomplishments. Moreover, Albania lacks resources for the development of substitutes for raw materials, end-products, and services.

X. Indications of Preparations for War.

There are no indications of preparations for war by Albania itself unless the stockpile of grain that has been accumulated may be considered as such. However, the Soviet and Satellite exploitation of Albanian mineral resources undoubtedly is for the purpose of strengthening the war potential of the Soviet Bloc.

The reorientation of Albanian trade from the West to the East detracts from, rather than adds to, the war potential. Albania is particularly vulnerable because of its geographical isolation from the other countries of the Bloc.

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APPENDIX A

RECAPITULATION OF LIMITATIONS, DEFICIENCIES
AND REQUIREMENTS OF INTELLIGENCE

Sections III, VIII, IX, and X do not have material
to be included in this Appendix.

I. Trends in the Structure of the Economy.

In the short period in which the following list of deficiencies of information has been drawn up, it has not been possible to canvass fully all available sources of information.

1. Preparation of Plans.

a. The extent to which Soviet advisers in Albania participate in the initial stages of plan preparation.

b. The extent to which they are able to exercise powers of review over the plans before they are presented to Moscow for approval.

c. The agencies or individuals in Moscow to which the plan is presented.

d. The step-by-step passage of the plans from the initiating officials and agencies to the lowest administrative levels and back to the higher levels of government.

e. The interaction and liaison between the various officials and agents of the Albanian government and the Workers' Party with regard to plan preparation.

f. The structure and function of the planning sections of the various ministries and their connection with the State Planning Commission.

g. Any notable differences in the process of plan preparation as carried out in Albania as compared with that followed by the USSR.

2. Plan Control.

a. The exact method and amount of control exerted by Soviet advisers and representatives in Albania over fulfillment of the country's economic plan.

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b. The functions and responsibilities of the Ministry of State Controls and the State Planning Commission.

c. The structure of the State Planning Commission and the Ministry of State Controls, the liaison between them, and the liaison between each and the various ministries.

d. The extent to which the Albanian Workers' Party exercises control over plan fulfillment and the means which they employ for this end.

e. The extent to which sections (other than the planning sections) of individual ministries exert control over plan fulfillment and the means which they employ for this end.

f. Any notable differences in the process of plan control in Albania as compared with that followed by the USSR.

g. Data on efficiency of control and the extent to which plans are realized in practice.

h. Nature and frequency of changes in plans and the reasons therefor.

3. Administrative Control of Industry.

a. The exact provisions of the recent laws reorganizing industry and the measures taken by the Soviet Union to implement them.

b. The number of Soviet personnel assigned to industrial enterprises in Albania and their responsibilities and functions.

c. The number and responsibilities of Soviet personnel assigned to industry and to mining.

d. The degree of control exercised by the Soviet Union over the dismissal of officials of economic ministries and the channels through which such control is effected.

e. The structure, functions, general efficiency, and personnel of the Ministries of Industry, Construction, and Mines, including their subdivisions, and the extent and means of liaison among these Ministries.

4. Administrative Control of Agriculture.

a. The exact provisions of the recent laws reorganizing agriculture and the means, direct or indirect, by which the Soviet Union inspired their promulgation.

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b. The number of Soviet personnel assigned to agricultural enterprises in Albania and their responsibilities and functions.

c. The number and responsibilities of Soviet personnel assigned to the Ministries of Agriculture, Agricultural Procurement, and Forestry.

d. The structure, functions, and personnel of the Ministries of Agriculture, Agricultural Procurement, and Forestry, together with their various subdivisions, and the degree and means of liaison among them.

5. Administrative Control of Economic Services (Transportation, Communications, etc.).

a. The number and responsibilities of Soviet personnel assigned to the Ministries of Transportation and Communications.

b. The structure, functions, and personnel of the Ministries of Transportation and Communications, including their subdivisions and the extent and means of liaison between them.

6. Extent of Collectivization of Agriculture.

The chain of command from the Ministry of Agriculture down to the individual cooperatives.

7. Nongovernmental Organizations as Instruments of Economic Control.

Structure of the Ministry of Trade, which probably administers these cooperatives, and the chain of command from the Minister to the individual cooperative.

II. Capacity of Human Resources for Economic Development.

Recent statistical data on Albania are almost completely lacking. What is available consists largely of scattered, absolute figures and a few percentages. The nonstatistical data available are also insufficient, permitting only superficial analyses. Additional collection is required on nearly every phase of the Albanian population and labor force.

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IV. Foreign Trade and Finance.

In regard to foreign trade, it is desired that coverage include actual commodity movements by country, by volume, and by value. In the postwar period such information is virtually unavailable. Only indications of volume and value may be assumed. Even reporting of trade agreements is meager, other than the announcements of signings.

In addition to the direct cost of imports, Albania must pay for services and financial assistance. There is no information about payment for such other services. Reports of ship movements to and from Albania are about 90 percent or more complete. It should therefore be possible to estimate freight expenses on tonnage of exports and imports. Port and customs revenues could furnish the basis for an estimate of the ratio of port expenses to gross earnings. Other estimates could be made from information furnished by communications, insurance, and advertising companies.

Unilateral transfers furnish Albania with some foreign exchange. It is only possible to estimate the amount received from the US and this from only one source — remittances. Additional remittances may be estimated by information from relief agencies such as the Red Cross, CARE, UNICEF, and religious organizations. Moreover, settlements of war claims and nationalization claims have entered into postwar economic relations between East and West.

The information contained in current reporting is insufficient for making calculations of costs and prices. In order that the total may have a meaning, all foreign exchange rates must be more accurately reported, including both black-market and premium quotations. In conjunction with this, the cost of goods should be reported in order that price indexes may be constructed to adjust totals. This type of reporting is practically nil in regard to postwar conditions. For the prewar period, fairly accurate estimates could be made.

V. Agriculture.

Because of the primitive nature of the agriculture of Albania, accurate statistical information has never been available. During the occupation by Italy, several studies of basic resources were made. Some of these reports have become available, but there is reason to believe that there are other reports prepared by the Italians that are not presently available. The latest report prepared by UNRRA, dated 1946, is not in our possession.

All information on internal activities in Albania since 1946 is based on newspaper reports, radio broadcasts, refugee reports, and occasional bits of information from other sources.

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VI. Industrial Capacity and Levels of Production.

A. Ferrous Metals.

Little information is available on the mining of chrome ore in Albania. On 22 December 1949 a detailed statement of requirements in this field was submitted to all collection agencies. These requirements include the following: the location of ore deposits and mines; an estimate of reserves of the various basins and an over-all estimate of reserves on a country-wide basis; analysis of ore obtained at each mine; total production for 1947-49; names and locations of concentrating plants, in existence and planned; source of equipment for expanding mining facilities. To date there has been little response.

The principal source of information on chromite production is the reporting of exports from Albania passing through the port of Trieste en route to the consuming Satellite country. It is felt that estimates of production in this study are accurate within 10 percent.

B. Nonferrous Metals.

Information covering plant and processing facilities, as well as domestic requirements of nonferrous metals, is lacking. A copper mine discovered in the Shkoder area by Soviet engineers has been reported, but details as to its exact location and the tonnage and grade of ore mined are not known. More information on this mine and on any other discoveries or developments is desired.

C. Coal.

There is scant information available about the fuel situation in Albania. An effort should be made to obtain the following:

1. Production of lignite in 1938.
2. Data on various lignite mines as to location, annual production, number of employees, mining conditions, and equipment used.
3. Information on allocations of lignite and fuelwood.
4. Stockpiles of solid fuels.
5. Requirements and use of coke.

D. Petroleum.

The principal gaps in information on petroleum are as follows:

1. Size, location, and type of stockpiles.
2. Exports of crude oil by quantity and destination.
3. Location, capacity, and output of individual operating refineries.
4. Crude-oil production statistics by fields and total.
5. Imports of products by quantity, type, and origin.

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6. Consumption by quantity, product, and consumer group.
7. Construction of refineries and storage depots.
8. Soviet activities in the oilfields.

E. Electric Power.

As might be expected from the relative unimportance of the electric power industry in Albania, intelligence material on this subject is scanty and of such character as to give little information on the present condition of the facilities or the amount of electricity produced. Under these conditions it can be said that any current information would be of value, particularly in regard to the physical condition of the generating plants. In view of the large size of the Selita hydroelectric project as compared with other Albanian plants and its importance as the intended main source of supply to Tirana, the capital, and to Durres, one of the principal seaports, any information on the progress of construction will be of value. Italian or Yugoslav sources would appear to be the most probable ones for such information.

F. Chemicals.

Little reliable information on the production and trade of the European Satellites in sulphur and pyrites is available. The existing world shortage of sulphur and the future shortage anticipated in pyrites make procurement of such information increasingly important, as the Satellites are largely dependent on the West for supplies of these materials.

G. Engineering Industry.

1. There are no statistics available on Albanian requirements of machinery and equipment. Rough estimates might be made if inventory statistics were at hand. Requirements for industrial machinery could be approximated on the basis of published plans for plant construction, but this would require more time than is available for this project.

2. No over-all import statistics are available. Some figures can be derived from Albanian trade agreements, but these are unreliable, since it is not known to what extent such agreements are fulfilled. Data on actual imports can be gathered only from piecing together reports of shipments. Since full coverage of all shipments is incomplete, any aggregate data so derived are incomplete. Hence it is only possible at present to determine the types of equipment imported and the countries of origin.

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VII. Transportation.A. Railroads.

Information available on the Albanian railroad system adequately covers the network, line construction, and inventory of rolling stock. Information is lacking on railroad traffic with respect to both commodities and volumes, as well as on workshops, personnel, and plans for expansion of the network.

B. Highways.

Major deficiencies in intelligence on Albanian highway transport concern the specific number, types, and condition of vehicles in the motor vehicle parks; the procurement of motor vehicles, including methods, number, type, and origin; maintenance of procedures and spare parts requirements; location and production of repair shops and parts plants; motor vehicle operations and traffic-kilometers per truck per day, month, or year; fuel requirements; vehicle retirement rate; type, quantity, origin, and destination of commodities carried by motor vehicles; seasonal factors in operations and traffic, their nature and effect; total tons carried by motor vehicles, average length of haul, total ton-kilometers; specific details of organization, administration, and control of highway transport; data regarding capacity of the road network, in total and between specific points; requirements, procurement, and use of road construction and maintenance machinery.

C. Water Transport.

The principal deficiency in intelligence on Albanian water transport is the lack of reliable information on Soviet-Satellite traffic into the country. Although the Albanian fleet is of negligible importance and the port capacities are known with some accuracy, there are many gaps in coverage of the quantity and nature of cargoes delivered to Albanian ports from the Soviet-Satellite countries. Accurate information on the volume and character of such traffic is necessary in order to assess correctly the contribution which Albania could make to the Soviet potential for war. Since the area produces little of direct military value and can easily be cut off in wartime, the extent to which Albanian could augment the Soviet war potential depends to a large degree upon supplies in the country at the outbreak of hostilities.

D. Air Transport.

Continuing surveillance of possible Albanian air developments is recommended. Such developments would probably be sponsored by the USSR and might consist of the repair and enlargement of existing air facilities; building of hangars, fuel dumps, and workshops; importation of Soviet ground and air personnel; and importation of aircraft. As the USSR at the present time does not have air access to Albania, equipment, supplies, and personnel would probably arrive by sea.

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